



ITEM 1: COVER PAGE

FORM ADV 2A

BTG Pactual Asset Management US, LLC

601 Lexington Avenue
New York NY 10022

www.btgpactual.com

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*This brochure provides information about the qualifications and business practices of BTG **Pactual Asset Management US, LLC** ("BTG" or the "Adviser"). If you have any questions about the contents of this brochure, please contact us at 212-293-4600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authorities. BTG may refer to itself as a "registered investment adviser" or "RIA". You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training. Additional information about BTG is also available on the SEC's website at www.adviserinfo.sec.gov.*



Item 2: Material Changes

The last annual update of this Brochure was filed by BTG Pactual Asset Management US, LLC ("BTG," the "Adviser" or "Investment Manager") with the SEC on March 31, 2013. Please review carefully the following material changes that have been made since the last annual update.

- The Firm included BTG Pactual Timberland Investment Group, LLC as a relying adviser and will be filing a single Form ADV in reliance on the position expressed in the January 18, 2012 No-Action Letter (titled "Investment Advisers Act of 1940 - Sections 203(a) and 208(d) American Bar Association, Business Law Section").
- The Firm became a sub-adviser to Blackstone Alternative Multi-Manager Fund, a Registered Investment Company under the Investment Company Act of 1940, as disclosed in Item 5 of Part 1 of the Form ADV.

Please note that the foregoing represents only material changes made since the March 31, 2013 annual updating amendment to this Brochure.



- **Important Note about this Brochure**

This Brochure is not:

- **an offer or agreement to provide advisory services to any person**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund**
- **a complete discussion of the features, risks or conflicts associated with any Fund or Advisory Service**
- **to be relied on in determining whether to invest or establish an advisory relationship**

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), BTG provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a BTG Fund, together with other relevant offering materials (such as subscription agreements, offering memoranda, operating agreements or advisory contracts), prior to, or in connection with, such persons’ establishment or consideration of an investment advisory relationship with BTG or an investment in a BTG Fund. Additionally, this Brochure is available through the Securities and Exchange Commission’s (“SEC’s”) Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of BTG, persons who receive this Brochure (whether or not from BTG) should be aware that it is designed solely to provide information about BTG as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials. In addition, more complete information about each BTG Fund, as well as BTG’s investment advisory services, is included in relevant offering materials, certain of which may be provided to current and eligible prospective clients or investors only by BTG or an Administrator or Placement Agent. To the extent that there is any conflict between discussions herein and similar or related discussions in any offering materials, the relevant offering materials shall govern and control.



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ITEM 4: Advisory Business

a) Background

BTG Pactual Asset Management US, LLC is a New York Limited Liability Company formed in 2011 which succeeded BTG Pactual US Asset Management Corp. founded in 2008. BTG is a wholly owned subsidiary of Banco BTG Pactual S.A., a Brazilian investment bank. BTG is a sub advisor to the funds managed by BTG Pactual Global Asset Management Ltd, an investment adviser registered with the Bermuda Monetary Authority, a sub-adviser to Blackstone Alternative Multi-Manager Fund, a Registered Investment Company and acts as an adviser and/or sub-adviser to certain separately managed accounts.

b) Advisory Services

BTG is a sub adviser to the funds managed by BTG Pactual Global Asset Management Ltd. BTG also provides non-discretionary investment advisory services to institutional clients on an individually segregated account basis and within its Wealth Management Group. Additionally, BTG Pactual Timberland Investment Group, LLC ("BTG Timber") (collectively with BTG Pactual Asset Management US, LLC, the "Firm" or "BTG"), a "relying adviser" of the Firm, provides investment advice to private funds and separately managed accounts. All investment advisory services are based on each Client's individual needs, stated objectives and guidelines. A robust internal operational and risk management infrastructure, the independent external audit of all funds together with regular and transparent investor communication provide investors with a high level of comfort in the management of their assets.

c) Principal Investment Strategies

BTG provides a wide range of both traditional and alternative investment products to both US and Non-US investors. The funds seek to achieve their investment objective through the use of a diverse range of strategies that are focused on themes related to global macroeconomic conditions and strategies targeting specific emerging markets, countries or issuers. The strategies that are currently part of the investment approach include fundamental equity long/short, currencies, merger arbitrage, event driven and special situations, corporate and sovereign debt, credit long/short, distressed debt trading, fixed income relative value, and mortgage and asset backed securities. However, BTG acting as one of the sub advisors, specifically pursues a more focused fixed income investment strategy and invests in a wide range of asset classes including, but not limited to, U.S. Treasuries, MBS, ABS, Swaps and foreign bonds.

The firm currently focuses on an "absolute return" approach to investing rather than an index approach and uses active portfolio management to achieve results. The firm employs a dual top down and bottom up approach to identify investment opportunities. Investment decisions are



based on both fundamental micro as well as macro analysis that include a review of the regional and global economic situation, asset flows and other macro indicators. In addition to its focus on emerging markets, the strategy uses global macroeconomic themes.

BTG Timber is a natural resource asset management company managing high-quality carbon credits and other environmental assets derived from sustainable forest and land-use activities. BTG Timber also provides timberland asset management services. As an investment adviser and asset manager, BTG Timber is responsible for sourcing potential investments, conducting research and due diligence on potential investments, analyzing investment opportunities, structuring investments, and monitoring and managing investments on behalf of its clients. BTG Timber also provides certain administrative services to Clients or arranges for services to be provided by a third party. In general, the objective of our investment advisory services is to optimize the value of managed assets through intensive market analysis and active management.

d) Tailored Advice and Client-Imposed Restrictions

Each Fund managed by BTG has its own investment objectives, strategies and restrictions. Certain BTG Funds may focus on a narrow investment strategy while others may pursue a broader investment strategy. BTG prepares offering materials with respect to each BTG Fund that contain more detailed information, including a description of the investment objective and strategy or strategies employed and related restrictions

While Separate Accounts may be reasonably tailored based on the individual needs of a Client, as agreed to with BTG, the BTG Funds may not be tailored to meet the individualized investment needs of any particular investor ("Investor"). An investment in a BTG Fund does not create a client-adviser relationship between BTG and an Investor. Further discussion of the strategies, investments and risks associated with a BTG Fund or Separate Account management is included in the relevant materials for each type of Client.

Clients and Investors must consider whether a particular Fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Client's or Investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective Clients and Investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant offering materials for the Funds and the additional details about BTG's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

e) Wrap Fee Disclosure

Not applicable.

f) Assets Under Management

As of December 31, 2012 the Adviser had \$80,252,449,000 billion in Regulatory Assets Under Management.



ITEM 5: FEES AND COMPENSATION

a) Compensation

Funds

Fund Management fees are generally 2% of assets under management and are, in general, payable after the end of each quarter. Fees are based on the market value of the securities and cash in the portfolio on the appraisal date of the account. Investment management and performance fees are negotiable. They may differ based on account size, strategy and complexity. Performance fees are generally 20% of any increase of the asset value over and above a target percentage rate. All Performance and management Fees may vary depending upon investor, strategy and fund structure.

Separately Managed Account Fees

Wealth Management Group Segregated Accounts: Fees are based on the revenue generated by the clients with the custodian banks. 50% of these revenues will be paid after the end of each quarter to BTG.

Other Segregated Accounts: Management fees are generally 2% of asset under management and are, in general, payable after the end of each quarter. Fees are generally based on the market value of the securities and cash in the portfolio on the appraisal date of the account. They may differ based on account size, strategy and complexity. Performance fees are generally 20% based on a percent increase of asset value over and above a target percentage rate. Investment management and performance fees are negotiable.

Compensation, Redemption & Terminations: Client redemptions are subject to the vehicle or form of investment in which the assets are held. Segregated account clients may redeem with written notice to BTG. Clients invested in funds traded on a foreign exchange may redeem by written notice to the Fund Administrator. Hedge Fund and other Private Fund clients are subject to redemption requirements as set forth in the Fund Prospectus which typically limit redemptions to once a Quarter with advance notice of 30 to 45 days. Advisory agreements may be terminated by either party at any time upon written notice to the other party.

b) Billing

Fees are automatically deducted from the Funds. Separate Account Clients are billed for fees incurred.



c) Other Expenses

Clients may incur other expenses separate and apart from the Firm's investment management and performance fees. These expenses typically include custody fees, trading and brokerage service fees, other transaction fees, and/or other expenses associated with the Fund or investment vehicle in which assets are invested.

a) Advance Billing

With respect to the BTG Funds the management fee is generally payable quarterly in advance. Investors in the Funds who withdraw may not be refunded any portion of the management fee payable for that calendar quarter. With respect to managed accounts, management fees may be paid quarterly or monthly, in advance or in arrears, as agreed on with the Client. For Separate Accounts that are terminated prior to the end of the period, fees paid in advance will be refunded only if agreed to by the parties.

b) Sales-based Compensation

The Adviser and its employees or affiliates may accept additional compensation for the sale of securities or other services or other investment services or products.



ITEM 6: Performance Based Fees and Side-by-Side Management

The Firm may charge all clients Performance Fees, i.e. a fee based on a share of capital gains on or capital appreciation of the client's assets under management. Performance-based compensation may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized.



ITEM 7: TYPES OF CLIENTS

BTG provides investment advisory services to private investment funds, organized as limited partnerships, limited liability companies, or other legal entities, in which investors are accredited investors or qualified clients. These private funds are not registered under federal securities laws and typically utilize sophisticated investment strategies and proprietary investment models. BTG also provides investment advisory services to Registered Investment Companies, under the Investment Company Act of 1940.

In addition, BTG provides discretionary and non-discretionary investment advisory services to institutional clients on an individually segregated account basis and within its Wealth Management Group. The Firm's separately managed accounts may include pension funds, insurance companies, banks, foundations, endowments, trusts, estates, family offices and other institutions. Investors in the collective investment vehicles primarily include US and non-US individuals, estates, charitable organizations, banks and corporations.

The minimum dollar amount of assets ordinarily required for the establishment of an investment advisor account is \$1,000,000. Smaller accounts may be accepted on an accommodation basis or when it is deemed likely that the minimum dollar size will be achieved within a reasonable period of time.



ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis & and Investment Strategies

A dual top-down and bottom-up approach is utilized to identify investment opportunities. Investment decisions are based on both micro and macro analysis of the local, regional and global economic environment, asset flows and other indicators. More information is provided in each Fund's offering document. Investors should read the offering document carefully before investing.

The Firm seeks to generate absolute returns for its clients by investing in a wide range of investment vehicles, including both traditional and alternative investment products. These include U.S. Treasuries, ABS, Swaps, Foreign Bonds and U.S. RMBS (Residential Mortgage Backed Security) which may be issued and guaranteed by a U.S. government sponsored entity (GSE) or be issued by an entity other than a GSE. Clients and investors are encouraged to read the prospectus or other offering documents of each fund or investment vehicle, which contains important information about the investment strategies, methods of analysis and risks of each fund, before investing.

In general, BTG Timber's investment strategy involves investing on behalf of its Clients in natural resource assets, including timberland, high-quality carbon credits, and other environmental assets derived from sustainable forest and land-use activities. With respect to the Accounts, BTG Timber's principal investment strategy involves investments in timberland primarily located in Latin America and the United States. Through its management and expertise, such assets are developed and cultivated to maximize the value of the investment.

BTG Timber's objective is to optimize the value of our Clients' assets through active management and market analysis. Accordingly, BTG Timber sources potential investments, conducts research and due diligence on potential investments, analyzes investment opportunities, structures investments, and monitors and manages investments on behalf of its Clients. In addition, it obtains information on our investments, including but not limited to, site quality, intrinsic and market values of environmental externalities, species growth and yield, costs of forest establishment, tending and harvesting, markets for environmental assets and wood products through its own independent research and through its contacts with industry experts.

BTG Timber prepares acquisition models which project the value of a potential investment over the anticipated length of the investment as well as targeted return for such investment. As part of its methods of analysis, it conducts due diligence to verify land title, forest area, compliance with environmental, health and safety, employment, security and taxation laws and regulations and market assumptions.



Material Risks Associated with the Investment Strategies

Investing in securities in general involves risk of loss that clients should be prepared to bear. Each BTG fund and separately managed account has risks which are specific to its particular investment strategies. For more information about the risks of each fund, please see the offering memorandum for that particular fund. Generally, however, investors in BTG managed funds or separately managed accounts may be exposed to the following risks:

Risks of Investments in Securities Generally

All securities investments risk the loss of capital. No guarantee or representation is made that the Fund's investment program will be successful. The investment program will involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in the Fund's activities. Certain investment techniques of the Fund can, in certain circumstances, magnify the impact of adverse market moves to which the Fund may be subject. In addition, the Fund's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Fund may invest its assets.

The Fund's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Emerging Markets Risks

The Fund may invest in issuers located or doing substantial business in emerging market countries. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in securities of issuers domiciled or doing substantial business in emerging market countries can be intensified. These risks include: high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices. Investments in these markets or denominated in non-U.S. currencies also pose currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, illiquidity, price volatility and market manipulation. In addition, less



information may be available regarding non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Further, non-U.S. securities markets may not be as liquid as U.S. markets. Transaction costs of investing outside the U.S. are generally higher than in the U.S. Higher costs result because of the cost of converting a foreign currency to dollars, the payment of fixed brokerage commissions on some foreign exchanges and the imposition of transfer taxes or transaction charges by non-U.S. exchanges. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the U.S. 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 Fund's performance.

Market Volatility

The profitability of the funds depends on the Investment Manager correctly assessing the future price movements of bonds and other financial instruments and the movements of interest rates. There is no guarantee that the Investment Manager will be successful in accurately predicting those prices and interest rate movements. In particular the funds may be materially and adversely affected even if the Investment Manager correctly evaluates the intrinsic or fundamental value of its portfolio investments if the overall fixed income market experiences dramatic reversals or swings in volatility. Any such market behavior will be especially difficult for a fund if it is significantly leveraged at such time or is in the process of honoring substantial withdrawals.

Limited Diversification

In the normal course of making investments on behalf of the Fund, the Advisor may, but is not obligated to, diversify their investments. However, the Fund's portfolios could become significantly concentrated, for example, in any one issuer, industry, sector, strategy, country or geographic region, and such concentration of risk may increase any losses suffered by the Fund. In addition, it is possible that the Advisor may select investments that are concentrated in a limited number or type of financial instruments. This limited diversity could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

Leverage and Financing Risk

The Master Fund may leverage its capital because the Advisor believes that the use of leverage may enable the Master Fund to achieve a higher rate of return. Accordingly, the Master Fund may pledge its securities in order to borrow additional funds for investment purposes. The Master Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Master Fund may have out-



standing at any time may be substantial in relation to their capital. The Feeder Fund does not employ leverage directly. While leverage presents opportunities for increasing total returns, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by the Master Fund in a market that moves adversely to its investments could result in a substantial loss to the Master Fund, which would be greater than if the Master Fund were not leveraged. In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Master Fund. For example, should the securities pledged to brokers to secure the Master Fund's margin accounts decline in value, the Master Fund could be subject to a "margin call," pursuant to which the Feeder Fund or the Master Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Master Fund's assets, the Master Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. The Master Fund may enter into repurchase and reverse repurchase agreements. When the Master Fund enters into a repurchase agreement, it "sells" securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Master Fund "buys" securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Master Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Master Fund involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such case may involve costs to the Master Fund.

Counterparty Risk

Some of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund 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 Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. Following the bankruptcy of Lehman Brothers Holdings Inc. on September 15, 2008, there has been significant unwinding of open credit default swap positions and continued market turmoil, which has placed increased strain on the broker-dealer business model, which may create additional counterparty risks for the Fund. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund's internal credit functions, which evaluate the creditworthiness of its counterparties, may prove insufficient. The lack of a complete and "foolproof" evaluation of the fi-



nancial capabilities of the Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Equity Securities

The Fund's investment portfolios may include long and short positions in equity securities of U.S. and non-U.S. listed companies. Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as the domestic and international political environments, terrorism and natural disasters, may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Fund.

Distressed Securities

The Fund may invest in "below investment grade" securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Fund's investments in any instrument, and a significant portion of the obligations and securities in which the Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Advisor will correctly evaluate the value of the assets collateralizing the Fund's investments or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Fund invests, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than their original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund's investments may not compensate the shareholders adequately for the risks assumed. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in re-



spect to which such distribution was made. In certain transactions, the Fund may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Risks Related to Investments in RMBS Positions

RMBS are generally securities backed by mortgages on real property or interests therein having a residential use. RMBS are subject to particular risks, including a lack of standardized terms, uncertainty of payments of principal and interest, and illiquidity of secondary markets. Additional risks may be presented by the type and use of a particular residential property. Principal and interest payments on residential mortgages are uncertain and are subject to various risks, including: changes in general or local economic conditions and/or specific industry segments; declines in real estate values; availability of financing; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; changes in governmental rules, regulations and fiscal policies; acts of God; terrorist threats and attacks and social unrest and civil disturbances. The exercise of remedies and successful realization of liquidation proceeds relating to RMBS securities may be highly dependent on the performance of the servicer or special servicer. There may be a limited number of special servicers available, particularly those that do not have conflicts of interest.

Limited Liquidity

An investment in the Shares provides limited liquidity. Shares are not freely transferable and a Shareholder generally may only redeem its Shares upon giving at least 30 calendar day's prior written notice on the last calendar day of each calendar quarter. Further, the Board of Directors of the Feeder Fund, acting upon the recommendation of the Advisor, may suspend any one or more of (a) determination of Net Asset Value, (b) subscriptions for Shares, (c) redemptions and/or (d) payments (in whole or in part) of any amounts due to redeeming Shareholders when, among other things the disposal of part or all of the Fund's assets and liabilities, or the determination of Net Asset Value, in the opinion of the Board of Directors of the Feeder Fund would not be reasonably practicable or would be seriously prejudicial to the Shareholders who are not redeeming. The Board of Directors of the Feeder Fund, acting upon the recommendation of the Advisor, may postpone a Redemption Date if, among other things, the Advisor or the Board of Directors of the Feeder Fund believes that it is not reasonably practicable to value a material portion of the Fund's assets. In each case, the General Partner may make similar determinations with respect to the Master Fund. The payment of redemption proceeds by the Feeder Fund is subject to the Feeder Fund's receipt of sufficient proceeds from the Master Fund. An investment in the Shares is suitable only for sophisticated investors that do not need liquidity with respect to their investment.



Illiquid Portfolio Instruments

Although not central to its investment strategy, the Fund may invest part of its assets in investments in illiquid funds or securities, or funds or securities that do not have a readily ascertainable market value or should be held until the resolution of a special event or circumstances. The Fund may not be able to readily dispose of such investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

Debt Securities Generally

The Fund expects to invest in private and government debt securities and instruments. It is likely that many of the debt instruments in which the Fund invests may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

ABS and MBS — General

The investment characteristics of asset-backed securities ("ABS") and mortgage-backed securities ("MBS") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

Risks Specific to BTG Timber

Political and Economic Risks

BTG Timber Clients' international environmental investments, including timberland, are subject to various risks incidental to investing in and/or managing businesses abroad, including a nationalization, expropriation or confiscatory taxation, political and economic instability, adverse regulatory changes, and diplomatic developments which could affect investments in those countries.

Land Ownership Restrictions in Brazil

To the extent BTG Timber's Clients seek to acquire or own forestry assets in Brazil, such assets may be subject to Brazil's foreign land ownership limitations. Brazil has maintained such limita-



tions for many years, and Brazil's current rules date back to 1971. The current rules limit the amount of land that foreign entities may own directly and may be difficult to evaluate. BTG Timber's compliance with Brazilian law may affect its Clients' ability to own and acquire forestry assets in Brazil.

Currency Risk

BTG Timber's Clients' international investments are subject to exposure to currency fluctuations that could affect the return on investment. It cannot provide assurance that certain foreign countries will not impose restrictions in the future on the movement of their currencies or U.S. dollars across local borders or the convertibility of such foreign currencies to U.S. dollars. Such restrictions could limit BTG Timber's ability to make distributions and could adversely affect its Clients' rate of return.

Environmental and Regulatory Considerations

The environmental and forest products industry is subject to extensive environmental regulation and complex regulatory regimes that are continuing to develop and evolve. Changes to existing and developing regulations and policies could negatively impact the scarcity, liquidity, and price of and demand for BTG Timber's Client's investments, which could have a negative impact on anticipated returns to its Clients. Additional regulations may result in increased costs, reduced operating flexibility and additional capital expenditures. Further, its environmental reviews may not discover all possible environmental or regulatory issues.

Fire, Wind and Other Weather and Pest Damage to Assets

BTG Timber's Clients' investments in timber, and other environmental assets, are subject to a number of natural hazards, including damage by fire, wind, insects and diseases or soil infertility. Severe weather conditions and other natural disasters may also destroy or reduce productivity of environmental investments and timberland assets and may interfere with the processing and delivery of timber and environmental products.

Focus on Early Stage Markets

Certain of BTG Timber's Clients' investments may be in environmental or wood markets which are in their early stages and therefore have inherently greater risk than more established markets and businesses. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by BTG Timber's Clients will be successful. The regulatory and voluntary regimes under which certain environmental assets are created are in their early stages and may change significantly. These changes may adversely affect its Clients' ability to obtain profitable returns.



Lack of Diversification of Investments

Although BTG Timber intends to achieve investment diversification for its Clients, it is possible that it may identify one or more investments that would be substantial in size relative to the total amount of invested. As a consequence, the aggregate returns realized by a particular investment could be materially adversely affected by the unfavorable performance of one of these substantial investments.

Restricted Nature of Investment Positions; Lack of Liquidity

Generally, there will be no readily available market for a substantial number of BTG Timber's Clients' investments, and hence, most of its Clients' investments will be difficult to value. The markets into which certain of its Clients' investments may be sold may be extremely limited and thinly traded. Its Clients' investments in timberland and other environmental assets will be subject to numerous restrictions on transferability and resale. Because there are few participants in these markets and little trading activity among those participants, it may be difficult for our Clients' to develop derivative structures related to environmental products, limiting its Clients' ability to generate income from trading activity. Thus, BTG Timber's Clients' investments are likely to be illiquid and long-term.

Competition for Environmental Assets and Timberland Investments

Investing in environmental assets and timberland is a highly competitive enterprise. Identifying attractive timberland investments is difficult and involves a high degree of uncertainty. There can be no assurance that BTG Timber's Clients will be able to fully invest their committed capital within the commitment period for such investment or any extension thereof.

Forestry Business Competition

The forestry business is highly competitive. Competitive factors generally include price, species and grade, proximity to wood consuming facilities, ability to meet delivery requirements, availability of substitute products, and supply and demand in the relevant domestic or international market. In addition, during the term of the investment, BTG Timber's Clients may experience increasing competition from currently underutilized sources of supply and underutilized species of trees.

The Cyclical Nature of Timberland Values

Prices for standing timber have been, and in the future can be expected to be, subject to cyclical fluctuations. Accordingly, there can be no assurance that the future market value of timber will be equal to or higher than the value currently prevailing, nor can there be any assurance that the historical long-term investment returns of timberland can be maintained.



Long-Term Source of Supply Contracts

As part of our marketing strategy for the sale of timber, BTG Timber may negotiate long-term supply contracts which guarantee a stable flow of timber at market prices. Such contracts may require that logs be delivered at a lower price than the prevailing spot market prices and, therefore, cause Clients to miss certain market opportunities possibly resulting in an adverse impact on such Clients short-term returns.

For a more complete discussion of the particular risks and strategy associated with investing with us, Clients and investors should refer to the applicable Offering Documents.

ITEM 9: DISCIPLINARY INFORMATION

The Firm and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our advisory business or the integrity of the Firm's management. However, the Firm has disclosed the following four administrative proceedings against certain of its advisory affiliates in Item 11 of Part 1 of its ADV filing.

a) Criminal or civil action

None

b) Administrative proceeding

- On April 13, 2012, in connection with an ongoing civil, non-criminal investigation by the Italian companies and stock exchange commission ("CONSOB") related to certain trades made by Mr. Andre Esteves, an advisory affiliate of the Firm, in his personal capacity in the securities of Cremonini SPA. ("Cremonini"), a publicly traded Italian company, Mr. Esteves was informed that an administrative finding against him was reached. The finding determined that Mr. Esteves misused privileged information (on a secondary basis, as provided under applicable Italian law) in connection with the trades in the securities of Cremonini in November 2007. During the time at which the trades at issue were made, JBS SA. ("JBS") was engaged in negotiations with Cremonini regarding a partnership transaction. Mr. Esteves was fined 350,000 euros and temporarily suspended for a period of six months from serving as a director or executive officer of a company regulated by the CONSOB. In addition, his profit from such trades was blocked. An appeal from Mr. Esteves was presented in December 2012 to Corte d'Appello of Milan (administrative regional court of Milan). The prohibition to hold offices for a period of six months for Mr. Esteves is no longer in effect and, as for the fine, no request of payment has yet been received.
- The CVM (the Brazilian securities regulator) alleged irregularities concerning several transactions maintained with Fundaco Banco central de Previdencia Rivada-Centrus from 1997 to 2001, on the stock market and BMF ("transactions"). Banco UBS Pactual, the predecessor to Banco BTG Pactual SA, an advisory affiliate of the Firm, and other defendants proposed to pay CVM the amount of 200,000 Brazilian reais. On 04/13/2010, the proposal of settlement was accepted by CVM's board of commissioners. On 09/28/2010, CVM's board of commissioners decided to extinguish the administrative proceeding regarding Banco Pactual and defendants due to the compliance with the settlement. The settlement does not represent either a confession or an acknowledgement by the accused that the conduct at issue in the proceeding is contrary to law; as well it is not considered a conviction of any offense under Brazilian law or regulation.

- The CVM initiated this administrative proceeding in 2008 alleging that Banco Pactual, a predecessor to Banco BTG Pactual SA, an advisory affiliate to the Firm, entered into irregular transactions with Real Grandeza concerning stock options issued by Real Grandeza in 2000. The irregularity alleged in this proceeding is that Real Grandeza supposedly received payment for the options that were lower than that considered "fair" based on the Black & Scholes methodology. On 4/13/2010, the proposal of settlement was accepted by CVM's board of commissioners. Banco BTG Pactual SA paid 200,000 Brazilian reais to the CVM. The settlement does not represent either a confession or an acknowledgement by the accused that the conduct at issue in the proceeding is contrary to law; as well it is not considered a conviction of any offense under Brazilian law or regulation.
- The CVM alleged that during the period from 2002 to 2004, Banco Pactual, the predecessor to Banco BTG Pactual, an advisory affiliate of the Firm, effected certain trades of Romanche on the BMF with the purpose of transferring profits to Romanche and allocating the correspondent losses to Banco Pactual. The CVM's complaint focused mainly on trades effected on January 12, 2004. None of the parties admitted to any wrongdoing as part of the settlement. Under this settlement Banco Pactual paid 4 million Brazilian reais. Andre Esteves, an advisory affiliate of the Firm, paid 50,000 Brazilian reais. The settlement does not represent either a confession or an acknowledgment by the accused that the conduct at issue in the proceeding is contrary to law; as well it is not considered a conviction of any offense under Brazilian law or regulation.
- In 2008, the Central Bank of Brazil (BACEN) alleged that during a period from 2002 to 2004, Banco Pactual, the predecessor to Banco BTG Pactual and an Advisory Affiliate of the Firm, and a foreign investor performed certain trades on the BMF which created negative results for Banco Pactual and positive results for the foreign investor. In July of 2008 a defense was filed denying all accusations. In May 2013, BACEN issued its decision imposing individual fines of approximately \$50,000 to Andre Esteves and \$12,500 to Banco BTG Pactual. Rather than continue to divert resources and in order to provide certainty to the market, Banco BTG Pactual and Andre Esteves decided to accept the fines and not appeal the decision.

c) Self-regulatory organization (SRO) proceeding

- During the period between September 2010 through January 2011, FINRA found that BTG Pactual US Capital LLC, an Advisory Affiliate to the Firm, participated in five underwritings of debt instruments in which it had a firm commitment to purchase securities. As a result of a misunderstanding of its underwriting role, BTG Pactual US Capital LLC was net capital deficient on each of the five dates on which it participated in those underwritings. On each of the five occasions, the deficiencies were cured on the same day as their occurrence. BTG Pactual US Capital LLC self-reported the issues to FINRA. While neither admitting nor denying FINRA's findings, BTG Pactual US Capital consented to a censure and fine of \$20,000.



ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

a) Registered Broker-Dealer or Registered Representative

Not Applicable

b) FCM, CPO, CTA or Associated Person

Not applicable.

c) Material Business Relationships with Certain Related Persons

1. BTG is affiliated through common control with the following entities that act as General Partners of funds advised by BTG:

- BTG Pactual GEMM GP Ltd.
- BTG Pactual Distressed Mortgage G.P. Ltd.
- BTG Pactual Carry LP
- BTG Pactual GEO GP Ltd

2. BTG is affiliated with BTG Pactual Global Asset Management Ltd, an investment adviser that acts as the primary adviser of fund portfolios sub-advised by BTG.

3. BTG is affiliated through common ownership with the following entities broker-dealers services.

- BTG Pactual US Capital LLC
- BTG Pactual CTVM SA
- BTG Pactual Corretora de Mercadoria Ltda
- BTG Pactual Europe LLP
- BTG Pactual Asia Limited
- BTG Pactual SA Comisionista de Bolsa
- Celfin Capital SA Corredores de Bolsa
- Celfin Captial SA SAB
- Celfin Capital SA Sociedad Comisionista de Bolsa

4. BTG is affiliated through common ownership with the following entities that provide investment advisory services:

- BTG Pactual Asia Ltd
- BTG Pactual Asset Management S.A. DTVM



- BTG Pactual Europe LLP
- BTG Pactual Gestora De Recursos LTDA
- BTG Pactual Timberland Investment Group, LLC

d) Recommendation and Selection of Other Investment Advisers

Not applicable.



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

a) Code of Ethics

Securities industry regulations require that advisory firms provide their clients with a general description of the advisory firm's Code of Ethics. BTG has adopted a Code of Ethics in compliance with 204A-1 in reference to the firm's controls over personal trading that sets forth the governing ethical standards and principles of the Adviser. It also describes BTG's policies regarding the protection of confidential information, including the review of the personal securities accounts of certain personnel of BTG for evidence of manipulative trading, trading ahead of clients, insider trading, trading restrictions, training of personnel and record-keeping. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting us by e-mail at funds@btgpactual.com.

b) Participation or Interests in Client Transactions

BTG, its officers, members and employees may invest in certain funds for which the Firm serves as investment manager or adviser. Besides owning interests in the same funds, however, no person related with the Firm is permitted to buy from, sell to, borrow from or lend to a client.

c) Investment in Securities Recommended to Clients

Supervised Persons are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. Further, as noted above, all Access Persons (as defined in the Code of Ethics, and which includes Supervised Persons meeting certain further criteria) must submit quarterly transactions reports detailing personal securities transactions. Such reports will be reviewed by the CCO or the CCO's designee to ensure compliance with the Code.

The Firm's Code of Ethics requires each officer and employee of the Firm with access to clients investments or portfolio information (each an "Access Person") to report at least quarterly theirs and their immediate family member's securities transactions and their securities holdings annually. The Firm's Chief Compliance Officer monitors the trading activity of the Firm's personnel in order to prevent violations of the Code of Ethics.

d) Investment in Securities at or about the Same Time Recommended to Clients

See Part 11(c) above.



ITEM 12: BROKERAGE PRACTICES

a) Selection of Broker-Dealers

The Firm has no obligation to deal with any particular broker-dealer in the execution of transactions for its clients. In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our clients, the Firm's primary objective is to obtain best price and execution – that is, prompt, errorless, execution of orders at the most favorable prices reasonably obtainable. In doing so, the Firm considers a number of factors, including, without limitation:

- the overall direct net economic result to the client (including commissions, which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range),
- the financial strength of the broker-dealer,
- the reputation and stability of the broker,
- the efficiency with which transactions are generally executed,
- the ability to effect the particular transaction,
- the availability of the broker-dealer to stand ready to execute difficult transactions in the future, and
- other matters involved in the receipt of brokerage and research services.

BTG will also consider the quality of firms with which it seeks to execute client orders, the adequacy of lines of communication, timeliness of reports of order execution, the capacity to accommodate unusual trading volume and the preservation of client anonymity, among other factors.

b) Soft-Dollars Arrangement

As a matter of policy, the Firm does not pay higher commissions or directs trading business to a particular broker-dealer in order to receive research or other services (a practice known as “soft dollar arrangement”).

c) Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending a broker dealer, whether the Firm or a related person receives client referrals from that broker-dealer.

d) Directed Brokerage

The Firm does not accept clients who require us to execute transactions through a specified broker-dealer. Clients may recommend that we use their preferred broker-dealer(s). The Firm will



use such broker-dealer(s) subject to our determination that said broker-dealer provides best execution of client transactions.

d) Aggregation (Bunching) of Trades

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated in accordance with the Firm's Trade Allocation Policy, designed to ensure fair treatment between clients in respect to executed trades. In addition to considerations of equity, bunching avoids placing competing orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders. The Firm may aggregate client orders for execution where it believes it is in the best interests of clients to do so.



ITEM 13: REVIEW OF ACCOUNTS

a) Periodic Account Review

The Adviser has detailed knowledge of the investments in each Fund. The Investment professionals managing the funds formally and informally meet several times a month to review the performance of each portfolio Fund and to ensure that transactions are within the parameters of the Funds' investment mandate.

Wealth management client portfolios are non-discretionary but also receive regular reviews by the head of the Wealth Management and respective account managers.

b) Client Reports

Both wealth management clients and Fund investors receive or have the option to receive monthly reports. Wealth management clients have access to their portfolio provided by their custodian banks and also have the option of receiving monthly reports from the Firm.

Fund Investors will receive reports as disclosed in the offering memoranda of each Fund. Audited Financial Statements are sent to Fund investors within 120 days of the financial year end.



ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Firm does not engage third-party marketers or solicitors to refer investors or potential clients. If the Firm were to pursue such arrangements, all arrangements will comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.



ITEM 15: CUSTODY

Due to certain arrangements, BTG may be deemed to have “custody” of the BTG Fund assets within the meaning of Rule 206(4)-2 under the Advisers Act.

BTG does not have custody of wealth management separate accounts within the meaning of Rule 206(4)-2 under the Advisers Act. Clients should review these statements carefully and should immediately contact BTG if account statements are not received from the custodian on at least a quarterly basis. To the extent BTG, pursuant to the relevant advisory contract or otherwise, separately provides reports or account statements, Clients should compare BTG’s statements carefully to the account statements received from the custodian. If there are any discrepancies between the account statements, please contact the Firm immediately.

Clients and fund investors receive account statements directly from a qualified custodian and are encouraged to review those accounts statements received from the custodian. In addition the Firm’s funds are (1) audited at least annually and (2) the audited financial statements are prepared and distributed to all investors in accordance with the 206(4)-2.



ITEM 16: INVESTMENT DISCRETION

The Firm manages fund assets on a discretionary basis with the authority to determine what investments are made, as well as when and how they are made. The Firm provides investment advice to Wealth Management clients on a non-discretionary basis.



ITEM 17: VOTING CLIENT SECURITIES

a) Proxy Voting Authority

The Securities Exchange Commission adopted Rule 206(4)-6 under the Investment Advisers Act of 1940, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In accordance with such rules, BTG has adopted proxy voting policies and procedures. The proxy voting procedures are designed to ensure that proxies are voted in the best interest of BTG's Investors and no conflicts of interest exist. Votes on all matters are determined on a case-by-case basis and consideration is given to both the short and long term implication of the proposal to be voted on. Upon request, BTG will provide a copy of its proxy voting policies and procedures and information on how the proxies were voted upon request

b) Client Proxy Voting Authority

BTG operates a policy of exercising proxy votes for clients as permitted within client agreements. Voting policy is undertaken at all times in the best interests of clients and for their benefit. A copy of the full proxy voting policy is available upon request.



ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

No financial events have occurred to BTG that would negatively affect the financial viability of the Firm. There is no financial condition of BTG that is reasonably likely to impair BTG's ability to meet contractual commitments to clients.

a) Financial Disclosures

Not Applicable.

b) Material Financial Impairment

Not Applicable.

c) Bankruptcy Petitions

Not Applicable.