

Item 1 Cover Page

MatlinPatterson Global Advisers LLC

520 Madison Avenue

New York, NY 10022

(212) 651-9500

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MatlinPatterson Global Advisers LLC is an investment adviser that is registered with the U.S. Securities and Exchange Commission. Registration with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of MatlinPatterson Global Advisers LLC and its advisory affiliates. If you have any questions about the contents of this brochure, please contact us at (212) 651-9500. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Additional information about MatlinPatterson Global Advisers LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This is an annual update of our Form ADV Part 2A brochure. Since our last filing on March 30, 2012, we have updated the regulatory assets under management, our advisory functions with respect to distressed trading hedge funds and policies regarding co-investment and investment allocation among our private equity and hedge fund clients. We removed MatlinPatterson Asset Management L.P and MatlinPatterson Capital Management L.P. from registration as relying advisors because they do not provide investment advisory services to any clients.

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Item 4 Advisory Business

- A. MatlinPatterson Global Advisers LLC (also referred to as “we”, “MP Global” or “the firm”) is a New York-headquartered investment management firm that invests globally in financially and operationally distressed companies and assets, with an objective of obtaining control for its private equity fund client accounts. Our hedge fund clients may co-invest in certain control positions but generally focus on more liquid distressed opportunities. Messrs. David J. Matlin and Mark R. Patterson founded the firm in 2002 and are its indirect principal owners.

We are affiliated with several investment management firms listed in Item 10.C. of this brochure that provide investment advisory services to hedge funds and separate accounts pursuing a variety of credit, mortgage-backed and asset-backed strategies. Some of these entities, as indicated in the firm’s Part 1A of Form ADV, rely on MP Global’s investment adviser registration in accordance with the position expressed in the American Bar Association No-Action Letter (publicly available January 18, 2012). Information in this brochure applies to MP Global and our relying advisers except as otherwise specified.

MP Global specializes in offering investment management services to closed-end private investment funds focusing primarily on distressed control investments and to open-end private investment funds focusing primarily on liquid distressed trading strategies. As part of its control strategy, MP Global seeks investments in and acquisitions of severely discounted securities, obligations, assets and businesses, over which it can exercise corporate control or substantial influence through leading complex restructurings, initiating operational improvements, enhancing the inherent value of the acquired businesses, and impacting the manner and timing of exits. MP Global seeks to generate superior risk-adjusted returns, operating globally in the control segment of the distressed investing sector, where it believes there are few competing sources of capital that have the breadth and depth of the firm’s experience and resources. The firm blends trading and private equity skills to invest in a wide spectrum of distressed companies and assets. The distressed trading strategies we pursue for our hedge fund clients fall mainly within the following seven areas: corporate reorganization and financial restructurings; post-reorganization and event-driven equities; liquidations; litigation; curve and capital structure arbitrage; stressed credit; and special situations. Our hedge fund clients do not co-invest with the private equity fund clients we currently manage, but they may co-invest with private equity funds we sponsor and manage in the future.

Information about investment advisory services and strategies pursued by MP Securitized Credit Partners L.P. is set forth in Item 8.A. and in the offering documents of the relevant hedge funds that it manages.

- B. Our firm tailors advisory services to the specified broad investment mandates of our fund clients. We adhere to the investment strategy set forth in the private placement memoranda and operating agreements of the funds, including any

concentration limits and other applicable guidelines arranged on a case-by-case basis with respect to each fund.

- C. We do not participate in wrap fee programs.
- D. As of December 31, 2012, MP Global managed approximately \$5,500,408,884, which includes the clients' gross asset value and their unfunded capital commitments. MP Securitized Credit Partners L.P. provides investment advisory services to hedge funds and a separate institutional account which had an aggregate gross asset value of approximately \$468,147,068 as of December 31, 2012. We manage clients' assets only on a discretionary basis.

Item 5 Fees and Compensation

- A. Our firm, or an affiliate of our firm, typically receives compensation from each of our clients based on both the percentage of assets or commitments managed and on performance achieved for each client's account. Detailed information concerning our compensation and fees appears in the private placement memorandum and governing documents of each client fund. Our fees are generally not negotiable; however, we (including our general partner affiliates) have the discretion to agree to different fees with investors in the funds and may also waive fees, including for investors that are our affiliates or employees.
- B. The management fees for our private equity funds are paid quarterly in advance. Any performance-based compensation for our private equity funds is, subject to provisions of the funds' governing documents, deducted upon the realization or other disposition of assets held by these funds.

Our management company affiliate generally deducts the management fees from the hedge funds that MP Global manages monthly in advance. MP Securitized Credit Partners L.P. deducts management fees from the hedge funds it manages monthly in arrears. Performance-based compensation with respect to the hedge fund clients is determined annually, based on realized and unrealized gains and losses (or as otherwise provided in the private placement memorandum and governing documents of our client funds with respect to control investments), at the end of each fiscal year or an earlier withdrawal date with respect to any capital withdrawn prior to the end of a fiscal year, subject to recoupment of losses for the prior periods.

- C. Our client funds bear organizational and offering expenses, in certain instances subject to limitation. To the extent a fund pays placement agent fees, our management fees for such fund are offset by the same amount (none of our closed-end funds are currently subject to such fees). Generally, the funds bear costs and expenses directly related to their portfolio investments or prospective investments (whether or not consummated), such as brokerage commissions, interest on debit balances or borrowings, exchange, clearing and settlement charges, custodial fees, travel and entertainment expenses in connection with

investment activity, appraisal fees, investment banking fees and expenses, fees and profit-sharing payments due to unaffiliated advisors, sub-advisors and consultants, specific expenses incurred in obtaining or maintaining systems, research and other information and information service subscriptions utilized with respect to the funds' investment program, including any tax-related structuring or legal expenses incurred, and any withholding, transfer or other taxes imposed on the funds. In addition, each fund bears all out-of-pocket costs of its administration, including accounting, audit, administration, legal, registration and licensing expenses, costs of any litigation or investigation involving fund activities, indemnification expenses, costs associated with reporting and providing information to existing and prospective investors, costs of holding any investor meetings or advisory committee meetings, and the costs associated with maintaining insurance for the fund and the investment manager. Administrative costs may include a fund's allocable share of the fees and expenses of any third party providers of "back office" and "middle office" services relating to trade settlement, and accounting and related operations for the fund, as well as any regulatory filings, regardless of whether the filer is the fund or its management company (e.g., Form PF).

Please refer to a fund's offering documents for further information regarding the fund's fees and expenses. Also, Item 12 details our broker selection and compensation policies.

- D. The hedge funds pay management fees monthly in advance or in arrears. Since investors in our private equity funds may not withdraw their capital prior to termination of the fund, and investors in the hedge funds cannot make intra-month withdrawals or subscriptions, fund investors do not bear management fees in excess of what they owe for the entire period. We pro-rate management fees to the extent an investment management agreement is not in effect for the duration of the entire management fee period.
- E. Neither the firm nor any of our principals or employees receives any transaction-based compensation for the sale of securities in any funds managed by our firm or our affiliated management companies.

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

All our client funds are subject to performance-based compensation payable to MP Global or one of our affiliated entities. MP Securitized Credit Partners L.P. manages an account for an institutional client that is not subject to performance-based compensation. This side-by-side management creates a potential conflict in that the manager may be incentivized to allocate investment opportunities to the clients that are subject to performance-based compensation. The firm has adopted and applies investment allocation policies designed to achieve equitable allocation among our clients over time. Specifically, the policy prevents us from taking compensation into account when allocating limited investment opportunities.

Item 7 Types of Clients

All of our advisory clients are private investment funds that are exempt from registration under the Investment Company Act of 1940 and the Securities Act of 1933. MP Securitized Credit Partners L.P. manages an account for an insurance company. Investors in the funds must satisfy the applicable eligibility and suitability requirements in order for the funds to maintain such exempt status. We generally require all U.S. investors in the funds to be “accredited investors” and “qualified purchasers” (as defined in applicable federal securities laws and regulations). Our client funds have a diverse group of global investors, including public and private pension funds, endowments, foundations, financial institutions, insurance companies, fund of funds and high-net-worth individuals.

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

- A. MP Global focuses on a distressed-for-control investment strategy for its private equity fund clients. The firm employs two primary approaches to gaining control of companies: (i) accumulating discounted securities and other obligations of distressed companies as an initial step towards acquiring a controlling or influential ownership interest, generally through the conversion of debt to equity, and (ii) directly acquiring significant ownership stakes in businesses or injecting capital into businesses that are in bankruptcy or in financial distress as a means of acquiring control. With respect to our hedge funds, we focus primarily on global non-control distressed investments and “deep value” investments in securities MP Global believes to be significantly underpriced based on its assessment of intrinsic value. Our distressed trading opportunities fall mainly within the following subsets: corporate reorganization and financial restructurings; post-reorganization and event-driven equities; liquidations; litigation; curve and capital structure arbitrage; stressed credit; and special situations. Our hedge funds will be able to co-invest in control opportunities for the account of electing investors. Distressed investing in which the firm engages involves a level of complexity which serves as a barrier to most other investors because we invest in companies experiencing overleverage, declining profitability, one-time losses which destroy enterprise value, lack of access to capital markets, damage to business reputation or bankruptcy. The core of MP Global’s investment program is rigorous, disciplined, bottom-up fundamental credit research and analysis performed by an integrated investment platform. Any projections we develop are subject to factors beyond our control, and there can be no assurances that our investment strategy will be successful.

Clients managed by MP Securitized Credit Partners L.P. take long and short positions primarily in structured mortgage-backed and asset-backed securities in various product categories including residential mortgage-backed securities, commercial mortgage-backed securities and other asset-backed securities, whole loans, collateralized debt obligations and corporate debt, tiers in an issuer’s capital structure (rated or unrated), and derivative instruments, including credit default swaps, options, futures, corporate derivatives and various other hedging instruments, on a global basis, with a geographical focus on U.S. markets, and are

generally long-biased. MP Securitized Credit Partners L.P. may utilize significant leverage and engage in high volume of trading, which can amplify losses and increase expenses borne by its clients.

Detailed information relating to methods of analysis and investment strategies pursued by MP Global and MP Securitized Credit Partners L.P. is set forth in the offering documents for the relevant funds.

- B. See Items 8.A. and 8.C.
- C. The firm's dedication to risk management is intended to identify and appropriately address the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities and other instruments involves a risk of loss that any of our clients and any of the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the types of investment strategies in which we engage are:

General Investment Risk. All investments risk the complete loss of capital. There is no assurance that the clients' investment program will be successful or that investments purchased by the clients will increase in value. In addition, there will be competition for investment opportunities by investment vehicles and others with investment objectives and strategies similar to those of the firm. There can be no assurance that we will be able to locate and complete investments which satisfy the funds' objectives. Returns generated from the clients' investments may not adequately compensate investors in the funds for the business and financial risks assumed.

Lack of Liquidity of Investments. The investments made by our clients, especially private equity funds, may be very illiquid or become very illiquid. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by a fund and other factors. This could make it difficult to realize the value the firm ascribes to an investment if we are forced to dispose of it in an inactive market. It is also important to note that the nature of a client's investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

Distressed Investments. Our strategies often call for us to invest in debt of companies experiencing financial distress or stress, and our credit investments may be unsecured or subordinated. Distressed debt securities are subject to the significant risk of an issuer's inability to meet principal and interest payments on the obligations and also may be subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. A client may invest in the securities of companies involved in bankruptcy proceedings, reorganizations or financial restructurings

and may have a more active participation in the affairs of the issuer than is generally assumed by an investor. This may subject a client to litigation risks or prevent a fund from disposing of securities. In a bankruptcy or other proceeding, our clients as creditors may be unable to enforce its rights in any collateral or may have their security interest in any collateral challenged, disallowed or subordinated to the claims of other creditors.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to our clients of borrowed securities and leveraged investments.

Access to Information; Projections. Our strategies and the success of our clients depend upon our ability to gather all relevant information about each investment and to assess it accurately, not only at the time of investment but through our holding period until the firm disposes of the investment. Our expectations regarding the favorable outcome of any investment can be adversely affected by numerous factors beyond our control, including our receipt of incomplete or inaccurate data, our failure to assess it accurately, and unpredictable changes in circumstances, including unforeseeable macroeconomic circumstances unrelated to our analysis of the specific investment.

Control Positions; Non-Public Information. As a result of its control-focused, private equity approach to distressed investing, MP Global anticipates that it will often accumulate large positions and seek to place its representatives on the boards of portfolio companies in which the funds have invested, and it may also participate or lead official or unofficial committees of creditors. Serving in these positions is expected to give MP Global access to material non-public information from time to time which may result in the imposition of legal restrictions on the funds' ability to purchase or sell portfolio investments for the funds. The size of the firm's investment position may also make it more difficult to dispose of its holdings without impacting the price of its securities or otherwise limit the manner in which MP Global may seek to effect disposition. MP Global's active participation on boards and creditors' committees may also expose it to claims by other stakeholders advocating opposing positions. The funds are required to indemnify MP Global and its affiliates for claims arising in these circumstances.

Short Sales. Certain hedge funds' strategies call for short sales not only for hedging purposes but also occasionally to exploit situations in which the manager believes an investment has been overvalued by market participants. If the manager's assessment of these situations is incorrect, there is risk that the funds could incur a potentially unlimited amount of loss from the short sale.

Leverage. The firm generally has the discretion to use borrowing and other forms of leverage in its strategies for its hedge funds and to a limited extent for its private equity funds. Leverage may be incurred at the fund level or at portfolio company level. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Valuation. Investors in hedge funds managed by us and our affiliated management companies purchase and redeem interests based on a determination of the fair value of the assets and liabilities of these funds. In addition, management fees and incentive compensation could be determined by reference to these valuations. Another area of risk involves the purchasing of investments that are difficult to value due to the absence of quoted prices for identical assets in an active market. Investors exposed to these valuation issues could be adversely affected if the valuations of assets or liabilities are inaccurate.

Derivative Instruments. The firm may use various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Conflicts of Interest. As described elsewhere in this brochure, the firm is subject to various conflicts of interest as a result of our management of multiple clients, the nature of our compensation arrangements, and the use of our fund structure. The existence of these conflicts of interest may influence the independence of the firm's judgment. This brochure contains information about how the firm manages these conflicts.

Dependence on Managing Principals. The success of the firm is dependent on the investment expertise of the managing principals and portfolio managers and the loss of any their services could have a material negative impact on our clients' performance. Additionally, no managing principal or portfolio manager is required to devote all of his or her time to the affairs of any one client and may invest in other business ventures of any nature and trade for his or her own account subject to compliance with the firm's policies and procedures on personal trading. The documents governing our private equity partnerships include "key person" provisions that require certain investment professionals to devote substantially all of their business time to such partnerships during their investment periods.

The private placement memorandum for each of our client funds contains a discussion of various risk considerations that is more extensive in scope and depth than the foregoing summary.

Item 9 Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving the firm, our affiliated management companies or any of our respective management persons that are material to a current investor's or prospective investor's evaluation of our advisory business.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the firm nor any of our management persons is currently registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. MP Global is registered as a commodity pool operator with the Commodity Futures Trading Commission and is a member of the National Futures Association. MP Global serves as commodity pool operator of the following commodity pools with respect to which it has claimed an exemption from certain requirements under Rule 4.7: MP Securitized Credit Fund, L.P., MP Securitized Credit Fund, Ltd. and MP Securitized Credit Master Fund, L.P. In addition, the firm acts as a commodity pool operator with respect to the following pools for which it claimed exemptions in reliance on Section 4.13(a)(3): MatlinPatterson Global Opportunities Partners IV (Hedge) L.P., MatlinPatterson Global Opportunities Partners IV (Hedge) Ltd., MatlinPatterson Fund IV (Hedge) Master Account L.P., MPAM Credit Fund L.P., MPAM Credit Fund Ltd. and MPAM Credit Master Fund L.P.
- C. In addition to serving as a discretionary investment manager to each of our client funds, we (or our affiliates) manage each of the funds either as the general partner (in the case of funds formed as partnerships) or by designating principals of our firm to serve on the board of directors along with a majority of independent directors who are initially appointed by our firm (in the case of funds formed as corporations). As a result, the funds do not have independent management. MP Global manages the following funds (including any specialized investment vehicles formed by any of them) for each of whom affiliates of MP Global serve as general partners: MatlinPatterson Global Partners LLC for MatlinPatterson Global Opportunities Partners, L.P., MatlinPatterson Global Opportunities Partners (Bermuda), L.P. and MatlinPatterson Global Opportunities Partners B, L.P.; MatlinPatterson Global Partners II LLC for MatlinPatterson Global Opportunities Partners II L.P. and MatlinPatterson Global Opportunities Partners (Cayman) II L.P.; MatlinPatterson Global Partners III LLC for MatlinPatterson Global Opportunities Partners III L.P. and MatlinPatterson Global Opportunities Partners (Cayman) III L.P., MatlinPatterson IV (Hedge) GP LLC for MatlinPatterson Global Opportunities Partners IV (Hedge) L.P. and MatlinPatterson Fund IV (Hedge) Master Account L.P. Our affiliates, MP (Thrift) Global Partners III LLC and MP (Thrift) Global Advisers III LLC act as general partner and discretionary investment manager respectively to the parallel regulatory vehicles of the foregoing funds: MPGOP III Thrift AV-I L.P. and MPGOP (Cayman) III Thrift AV-I L.P. In addition, MP Preferred Partners GP

LLC, an affiliate of MP Global acts as general partner and manages MP II Preferred Partners L.P.

We are affiliated, through substantially common ownership, with other management companies:

- MPAM Credit Trading Partners L.P.
- MP Securitized Credit Partners L.P.
- MP (Thrift) Global Advisers III LLC
- MP Preferred Partners GP LLC
- MP Senior Credit Partners L.P.

Our firm's subsidiaries, MatlinPatterson Advisers (Europe) LLP and MatlinPatterson Advisers (Asia) Limited have offices in London and Hong Kong respectively. They provide research services to MP Global but have no supervisory or management authority with respect to any client assets. MatlinPatterson Advisers (Europe) LLP is authorized by the U.K. Financial Services Authority.

MP Securitized Credit Partners L.P. serves as the investment manager to MP Securitized Credit Fund L.P., and MP Securitized Credit Fund, Ltd., each a feeder fund that conducts all or substantially all of its investment activities through MP Securitized Credit Master Fund, L.P. for which MP Securitized Credit Fund GP LLC, an affiliate of the funds' investment manager, serves as the general partner.

MPAM Credit Trading Partners LP is separately registered as an investment adviser with the SEC since 2012 and information about it appears in its own brochure.

MP Senior Credit Partners L.P. relies on registration by Ursamine Credit Advisors LLC with the SEC and information about MP Senior Credit Partners L.P. appears in Ursamine Credit Advisors LLC's brochure.

Since we have more than one client, our personnel cannot devote their exclusive attention to any single client.

The firm and its employees engage in a variety of activities, including investment management and financial advisory activities that are independent from and may from time to time conflict with those of any specific funds that they manage. We currently serve as investment managers to the funds and may in the future serve as investment manager to new funds or other investment products or accounts that may invest in assets or employ strategies that overlap with the strategies of other entities that the firm or its affiliates manage. Each investment manager separately makes its own investment decisions and places its trades separately with respect

to the client accounts it manages. The funds may, therefore, compete with other funds for investment opportunities. The firm adopted an allocation policy pursuant to which no one client account of an investment manager must be unfairly favored over another client account over time. In particular, allocations of trades among client accounts must be in accordance with all applicable laws, rules and regulations and in compliance with the terms of the clients' governing documents. To the extent permitted by the clients' governing documents, our clients may co-invest in opportunities MP Global in good faith deems suitable for multiple clients at the time of purchase. Allocations will generally be based on our reasonable assessment of each client's available capital and other factors including the nature, time horizon and type of investment or sale opportunity; concentration/diversification of assets; the investment guidelines and limitations governing the clients; position and portfolio risk characteristics (ability to hedge position or portfolio, short etc); leverage constraints; size of opportunity; cash availability; actual and anticipated subscription and redemption activity in client accounts; proximity of a fund or account to the end of its specified term or dissolution; the investment focus of the clients; legal, regulatory and tax considerations; capacity for certain types of investments (e.g. control investments); and timing of transaction (i.e. ramp-up acquisitions). We do not take into account fees payable by various clients or interests held by the firm's affiliates in the funds in allocating investment opportunities. We do not automatically rebalance existing positions as the allocation factors change but we may cause the positions to be increased for one or more clients as their available capital increases or reduce positions to fund withdrawals. Additional information about our allocation policies and disclosure on any investment priorities appears in the offering documents for our client funds.

Notwithstanding the foregoing, an investment manager may make investment decisions for some clients that may be different from those it or an affiliated investment manager makes on behalf of the other clients (including the timing and nature of the action taken), even where the investment objectives of such clients are the same or similar. For example, affiliates of MP Global may at certain times be simultaneously seeking to purchase or sell the same or similar investments for various clients. Likewise, subject to limitations specified in Item 12.B., an investment manager can make an investment for a client in an issuer or obligor in which another client or an affiliate's client is already invested or has co-invested. Conflicts may result in the event our advisory clients own securities or other instruments of the same issuer having a different seniority, or where some of our clients have a pre-existing relationship with an issuer.

Clients of an investment manager may co-invest in certain transactions. In particular, the hedge fund clients commingle all or a portion of their assets in collective investment vehicles or accounts, such as master-feeder structures, in order to facilitate co-investment. Ownership interests in the master accounts are typically recorded by means of private book entry in records maintained by the investment manager.

An investment manager may cause its client accounts to buy positions from or to sell positions to other client accounts in re-balancing transactions resulting from subscriptions or redemptions or in other circumstances where such transactions are considered advisable for both parties. All such transactions will be effected at prevailing market prices, in accordance with all applicable laws and subject to requirements in the participating clients' operating documents. Subject to the foregoing, no client will buy positions from or sell positions to the firm.

The potential to earn performance-based compensation could give the firm an incentive to invest client assets in an aggressive or speculative manner. We seek to minimize this conflict by taking a disciplined approach to portfolio risk management and by maintaining a significant investment in each of the funds we manage.

Since performance compensation for hedge funds is based in part on unrealized gains and losses, we may theoretically have an incentive to inflate the value of client assets through fair valuation determinations. We adopted detailed valuation methodologies to ensure consistent valuations with respect to our client accounts. In addition, independent administrators value assets and interests in our hedge fund client funds.

Our employees may sit on the board of directors of our portfolio companies. These employees may have a conflict of interest with respect to decisions made by the board as the interests of our clients and the companies may differ. Our employees may also serve as committee representatives in bankruptcy proceedings. As a result of such board or committee participation or another relationship, we may receive material non-public information about a company on behalf of one client, which restricts us from trading in the securities of the company not only for that client but for all other clients and for clients of our advisory affiliates since there is generally no information barrier between various management company entities, other than MP Senior Credit Partners L.P. Alternatively, the firm from time to time may decline to receive material non-public information in order to avoid trading restrictions for their clients, even though access to such information might have been advantageous to its or its affiliate's clients.

- D. Our firm does not recommend or select other investment advisers for its clients.

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

- A. Pursuant to Rule 204A-1 of the Advisers Act, the firm adopted a Code of Conduct and Ethics (as amended from time to time, the Code) acknowledging its fiduciary obligations towards its clients, including a requirement to act at all times in the clients' best interests. The Code contains a variety of guidelines and requirements including pre-clearance and reporting of personal securities transactions by principals and employees of the firm and our affiliated management companies

(collectively known as employees), restricting or prohibiting certain types of transactions (including in any securities on the firm's combined restricted list), prohibiting trading of securities while in possession of material non-public information, monitoring of giving and receiving gifts and entertainment, pre-clearance and reporting of political contributions, limitations on employees' outside activities, policies relating to the firm's books and records, requirements with respect to marketing materials and other disclosure provided by the firm, proxy voting policy, brokerage policy, privacy policy, anti-money laundering policy, and disaster recovery and business continuity plan. All employees must acknowledge and agree to the terms of the Code, as well as provide records of any personal trading accounts and an annual compliance certification. This paragraph only represents a list of certain provisions in our Code. We provide a copy of our Code to any client or prospective client upon request.

- B. Our employees do not recommend to the firm's clients, nor do they buy or sell for the clients, securities or other instruments in which they have a material financial interest. Our clients may invest through master accounts or other investment subsidiaries for which affiliates of the management companies may serve as general partners or directors, but there is no additional compensation payable to the firm or its affiliates in connection with such arrangements.
- C. The firm has a set of procedures in place to ensure that we address any potential conflicts that may arise between our clients and employees' personal trading activities. The Code provides that employees may not invest for their personal accounts in the securities of any company to the extent any client account is invested in such company or is considering an investment in such company. Prior to executing any trade for a personal account, employees must input information about the security to be traded into the firm's tracking system that will match such security with any positions included in the firm's general restricted list comprised of positions in client accounts or that are being considered for client accounts. If a security is identified as restricted, an employee may not transact in such security for personal account. The Code provides that employees must arrange for duplicate statements of all personal account activity to be sent to the firm. In addition, employees must submit quarterly and annual holdings reports to the firm. The firm's chief compliance officer or his designee conducts periodic reviews of personal account submissions by employees. To the extent there is any finding relating to personal trading activity that is inconsistent with the firm's policy, the chief compliance officer will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action, which may include dismissal.
- D. See Item 11.C.

Item 12 Brokerage Practices

- A. In placing portfolio transactions, we seek to obtain the best execution for our clients, taking into account the following factors: the ability to effect prompt and

reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker, including minimum net capital requirements and the level of indebtedness; regulatory and disciplinary history; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research and other services and products (including those described below) considered to be of value; access to underwritten offerings and secondary markets; responsiveness and qualified personnel; institutional references; trading experience; providing access to issuers; facilitating analyst access and road shows; special abilities of a broker that add value to clients; and the competitiveness of commission rates in comparison with other brokers satisfying the firm's other selection criteria. The firm does not have to weigh any of these factors equally.

The firm maintains a list of pre-approved brokers, selected based on the above criteria, and distributed to the firm's trading personnel. The list may include a broker-dealer that is owned by a portfolio company of a client fund. The list is subject to periodic review and update by the firm's chief compliance officer. To the extent a trader wishes to use a broker that is not on the pre-approved broker list, he or she must seek approval from the firm's chief compliance officer, subject to very narrow exceptions.

1. Soft Dollars Generally. The firm generally does not utilize "soft dollars". However, our brokerage policy enables us to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to or pay higher commissions to brokerage firms that provide us with investment and research information. Since commission rates in the U.S. as well as in certain other jurisdictions are negotiable, selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. Research products and services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In the event that the firm utilizes "soft dollars", it will do so solely to pay for products or services that qualify for the safe harbor within the meaning of Section 28(e).
2. The Use of Soft Dollars Can Create a Conflict of Interest. Using client transactions to obtain research and other benefits creates incentives that may result in conflicts of interest between advisers and their clients. The availability of these benefits may influence the firm to select one broker rather than another to perform services for clients, based on the firm's interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits

may cause our clients to pay higher fees than those charged by other broker-dealers. However, we will make a good faith determination that the amount of commission is reasonable in relation to the overall services provided, viewed in terms of either the specific transaction or our overall responsibility to our clients.

The use of soft dollars to obtain research services and to pay for other costs and investment expenses that our firm might otherwise incur (such as third party research and investment information, investment execution services, research and financial newsletters) creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm or other clients. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

3. We May Consider Referrals in the Selection of Brokers and Dealers. Subject to seeking best execution, we may consider referrals of potential investors to our clients as a factor in the selection of brokers. We may execute trades with brokers and dealers or utilize prime brokers with whom the firm or the funds' portfolio companies have other business relationships, including credit relationships, capital introduction, investments by affiliates of the broker-dealers in our clients or investment banking or advisory relationships with our portfolio companies; however, we do not intend for these other relationships to influence the choice of brokers and dealers who execute trades for our clients or our choice of prime brokers.
4. Our Clients Do Not Direct Brokerage. Our firm does not recommend, request or require that a client, nor do we generally permit a client to, direct us to execute transactions through a specified broker-dealer.

- B. If the firm has determined to invest at the same time for more than one of its clients, it may, but is not required to, place combined orders for all such clients simultaneously and if all such orders are not filled at the same price, it may average the prices paid. Although combined orders tend to lower execution costs, in certain circumstances, combining orders may result in higher prices paid by client accounts than if the orders had been entered separately. If an aggregated order cannot be fully executed under prevailing market conditions, the firm may allocate the investments among the client accounts in its discretion. This aggregation is on a manager-by-manager basis because each of our affiliated investment managers separately conducts its own trading. Non-aggregation of orders may result in increased transaction costs.

Our historic allocation policy which is still in effect for our current closed-end funds prohibits co-investment by our hedge funds and these closed-end funds in

securities of the same issuer and affords them priority over hedge funds with respect to control opportunities in companies, including toe-hold positions that are established in pursuit of a control position. As a result, our hedge funds may be precluded from participating in an investment opportunity in which the relevant closed-end fund made a “toe-hold” investment even if MP Global subsequently determines that control cannot be obtained by, or is not advisable for, the closed-end fund, or MP Global otherwise determines not to pursue the opportunity, unless and until the investment is sold by the closed-end fund. This policy is disclosed in all relevant funds’ offering documents. We recently adopted a new policy to enable our hedge funds to co-invest with the closed-end funds that we form in the future.

Item 13 Review of Accounts

- A. Monitoring of Accounts. The firm’s investment professionals, including the senior portfolio managers of each management company, review investments on an ongoing basis. Where appropriate, these reviews include an assessment of daily profit and loss reports with respect to the clients’ investment positions, participating in board meetings and management calls, actively participating in the restructuring process with respect to portfolio companies of the clients advised by MP Global, reviewing annual and interim financial statements, and making ad hoc on-site visits.
- B. Review Triggers. The firm regularly supervises and monitors the activities of its client funds, as referenced above in Item 13.A.
- C. Reports. We provide investors in our client funds with unaudited quarterly reports on the operations of the relevant fund, including in the case of MP Global’s clients, financial statements in the form required by the relevant client’s governing documents and an overview of the fund’s investments. Additionally, we provide audited annual reports for each of our funds containing financial statements examined by our independent auditors as well as such tax information as is necessary for each investor in our domestic funds to complete its U.S. federal and state income tax or information returns, along with any other tax information required by law.

Item 14 Client Referrals and Other Compensation

- A. Our firm does not receive any economic benefit from non-clients for providing advisory services to our clients.
- B. Neither the firm nor its related persons compensate any person for client referrals. To the extent the firm does so, any such arrangements shall comply with the requirements of Rule 206(4)-3. However, we have entered into solicitation arrangements with third parties in connection with the offering of interests in some of our funds and may enter into other such arrangements in the future. The management company effectively bears any placement agent fees either directly

or by offsetting the management fees payable to it by the amount of any placement agent fees on a dollar-for-dollar basis. In addition, we may enter into arrangements with investment banks and similar broker-dealer firms relating to introduction of clients of such firms to purchase interests in our client funds. If such arrangements are subject to compensation, it may consist of direct payments by the management company to the introducer or may include fee rebates or discounts with respect to investors introduced by such third party firms.

Item 15 Custody

Due to our access to client funds and securities as general partner or investment manager for our private fund clients, and our or a related person's authority to deduct fees and other expenses from these accounts, we are deemed to have constructive custody of our private fund clients' funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (known as the Custody Rule).

We utilize the services of unrelated financial institutions or other qualified custodians (as defined in the Custody Rule) to hold the funds and securities of all of our clients, with the exception of certain uncertificated privately offered securities. We also ensure that the qualified custodian maintains such funds in accounts that contain only clients' funds and securities, which may be under our name as agent or trustee for the client.

For our clients that are collective investment funds or similar entities, we comply with the periodic reporting requirements of the Custody Rule by arranging for annual financial statements, prepared in accordance with generally accepted accounting principles and audited by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to be delivered to each investor in our client funds within 120 days of the end of the relevant fund's fiscal year.

We do not have actual or constructive custody of our managed account assets.

Item 16 Investment Discretion

All of our firm's investment advisory services involve the management of client accounts on a fully discretionary basis. We have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell, the broker through which we effect trades, and the commission rates at which we effect trades. In exercising this authority, we adhere to the investment strategy and program set forth in each fund's private placement memorandum and operating agreements.

Investors in our client funds are required to complete subscription documents to acquire an interest in the fund, which, among other things, confirm that the investor has reviewed the relevant disclosure documents describing the scope of our authority and the inability of any investor to direct our trading activities.

Item 17 Voting Client Securities

Because our clients have delegated the power to vote their securities to our firm, we have implemented proxy voting policies and procedures in accordance with securities laws and our fiduciary obligations to our clients. After studying proxy materials and any other information that may be necessary or beneficial to voting, we always strive to vote proxies in a manner that we believe reasonably furthers the best interests of our clients and is consistent with the relevant client's investment philosophy as set forth in its offering documents. The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure, and social responsibility. We will cast votes for these matters on a case-by-case basis. We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with manager performance and market practices.

If a proxy vote creates a material conflict between the interests of the firm and a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on the firm's determination of the client's best interest and was not the product of the conflict.

The firm maintains records of (i) all proxy statements and materials the firm receives on behalf of clients (with the exception of materials that are publicly available, through the Securities and Exchange Commission website or otherwise); (ii) all proxy votes that are made on behalf of the clients; (iii) all documents created by us that were material to our decision as to how to vote or that memorializes the basis for that decision; (iv) all written requests from clients regarding voting history (to the extent such requests exist); and (v) all responses (written and oral) to clients' requests.

Upon request, any of our clients or any of the investors in our clients can obtain (i) a copy of our proxy voting policies and procedures and (ii) information concerning proxy voting on its behalf.

Item 18 Financial Information

- A. We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.
- C. Our firm has never been the subject of a bankruptcy petition.