

Structured Portfolio Management, L.L.C. SPM III, L.L.C. SPM Products, L.L.C.

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Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of Structured Portfolio Management, L.L.C. (“SPM”) and its affiliates, SPM III, L.L.C. (“SPM III”) and SPM Products, L.L.C. (“SPM Products,” and with SPM III, the “SPM Affiliates”). If you have any questions about the contents of this brochure, please contact us at (203) 351-2870. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about SPM and the SPM Affiliates also is available on the SEC’s website at www.adviserinfo.sec.gov.

In this brochure, SPM refers to itself and the SPM Affiliates as registered investment advisers. This means that SPM and the SPM Affiliates are registered as investment advisers under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Advisers Act registration does not and should not be read to imply a certain level of skill or training.

The headings in this brochure correspond to the Item headings of Form ADV Part 2A.

Item 2. – Material Changes

This section discusses only material changes since the last annual update of this Brochure. This Brochure was previously updated by SPM and the SPM Affiliates (each, an “Adviser”) on March 28, 2014.

Item 11 of this Brochure was updated on June 5, 2014 to provide that the Advisers may, from time to time, engage in cross trades between Funds (as defined below) when the Advisers deem such transactions to be in the best interest of the Funds.

Item 3. - Table of Contents

<u>Item</u>	<u>Page</u>
Item 4. - Advisory Business	4
Item 5. - Fees and Compensation.....	7
Item 6. - Performance-Based Fees and Side-by-Side Management	9
Item 7. - Types of Clients	10
Item 8. - Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9. - Disciplinary History	16
Item 10. - Other Financial Industry Activities and Affiliations.....	16
Item 11. - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12. - Brokerage Practices.....	18
Item 13. - Review of Accounts	19
Item 14. - Client Referrals and Other Compensation	19
Item 15. - Custody.....	19
Item 16. - Investment Discretion	20
Item 17. - Voting Client Securities	20
Item 18. - Financial Information.....	20

Item 4. - Advisory Business

Overview of SPM and the SPM Affiliates

SPM is a Delaware limited liability company that was formed in February 1997 and became registered as an investment adviser under the Advisers Act on April 18, 2000. SPM's voting units are owned by Upper Shad Associates, L.L.C. ("Upper Shad") (52.10%) and Structured Partners, L.L.C. ("SP") (47.90%). Upper Shad and SP are owned by employees of SPM (including Donald Brownstein, CEO of SPM, and Christopher Russell, Chief Operating Officer of SPM) and entities/individuals that include, but are not exclusive to, their friends and family. The managing members of SP are: (1) the President of SPM and (2) a relative of an employee of SPM. SPM is the majority owner of the interests in SPM III and each class of SPM Products.

Pursuant to an SEC No-Action Letter (American Bar Association, Business Law Section, pub. avail. Jan. 18, 2012), you are receiving this Part 2A of Form ADV from SPM for itself (as "filing adviser") and on behalf of the SPM Affiliates (as "relying advisers").

SPM

SPM is the investment manager of two private feeder funds: Structured Servicing Holdings, L.P., a Delaware limited partnership ("SSH Onshore Feeder"), and Structured Servicing Holdings (Offshore), Ltd., a Cayman Islands exempted company ("SSH Offshore Feeder," and each of SSH Onshore Feeder and SSH Offshore Feeder, an "SSH Feeder Fund"). SPM is also the general partner of Structured Servicing Holdings Master Fund, L.P., a Delaware limited partnership ("SSH Master Fund"), the master fund in which each SSH Feeder Fund invests substantially all of its assets (each of the SSH Feeder Funds and the SSH Master Fund an "SSH Fund" and, collectively, the "SSH Funds").

Under the investment management agreement ("TMA") with each SSH Feeder Fund and the limited partnership agreement of the SSH Master Fund, SPM has control over the investment activities and day-to-day operation of each SSH Fund.

The SSH Feeder Funds are not currently accepting investments from new investors. The SSH Master Fund accepts investments from its related SSH Feeder Funds and certain private investment funds managed by the SPM Affiliates ("Affiliated Funds").

SPM III

SPM III is a Delaware limited liability company that was formed in January 2004 and became registered as an investment adviser under the Advisers Act in February of that year. SPM owns the majority of the interests in SPM III. Employees of SPM own the remaining interests in SPM III.

SPM III is the investment manager of three private investment funds (each, a "MBS Agency Fund" and, collectively, the "MBS Agency Funds"). The three MBS Agency Funds are organized in a master-feeder structure and consist of the following: (i) MBS Agency Fund, L.P., a Delaware limited partnership ("MBS Agency Onshore Feeder"), (ii) MBS Agency Offshore

Fund, Ltd., a Cayman Islands exempted company (“MBS Agency Offshore Feeder,” and with MBS Agency Onshore Feeder, the “MBS Agency Feeder Funds”), and (iii) MBS Agency Master Fund, L.P., a Delaware limited partnership (“MBS Agency Master Fund”), in which each MBS Agency Feeder Fund invests substantially all of its assets.

Under the IMA with each MBS Agency Fund, SPM III has control over the investment activities and day-to-day operation of each MBS Agency Fund.

Neither of the MBS Agency Feeder Funds is currently accepting investments from new investors. The MBS Agency Master Fund accepts investments from the MBS Agency Feeder Funds and Affiliated Funds.

SPM Products

SPM Products is a Delaware limited liability company that was formed in July 2006 and became registered as an investment adviser under the Advisers Act in September of that year. Units in SPM Products are divided into three classes. SPM owns the majority of each class. Employees of SPM own the remaining units of each class of SPM Products and certain employees have been issued profits interests relating to particular classes of SPM Products.

SPM Products is the investment manager of twelve private investment funds (each a “Products Fund” and, collectively, the “Products Funds”). Under the IMA with each Products Fund, SPM Products has control over the investment activities and day-to-day operation of each Products Fund.

The Products Funds consist of the following:

- Three master-feeder fund structures:
 - The “Core Funds,” which consist of SPM Core Fund, L.P., a Delaware limited partnership (“Core Onshore Feeder”), and SPM Core Offshore Fund, Ltd., a Cayman Islands exempted company (“Core Offshore Feeder” and, collectively with the Core Onshore Feeder, the “Core Feeders”), each of which invests substantially all of its assets in SPM Core Master Fund, L.P., a Delaware limited partnership (“Core Master Fund”).
 - The “Opportunity Funds,” which consist of SPM Opportunity Fund, L.P., a Delaware limited partnership (“Opportunity Onshore Feeder”), and SPM Opportunity Offshore Fund, Ltd., a Cayman Islands exempted (“Opportunity Offshore Feeder” and, collectively with the Opportunity Onshore Feeder, the “Opportunity Feeders”), each of which invests substantially all of its assets in SPM Opportunity Master Fund, L.P., a Delaware limited partnership (“Opportunity Master Fund”).
 - The “MVPQ Funds,” which consist of a series of SPM Macro Fund, L.P., a Delaware “multi-series” limited partnership (“MVPQ Onshore Feeder”), and a segregated portfolio of SPM Macro Offshore Fund, SPC., a Cayman Islands segregated portfolio company (“MVPQ Offshore Feeder” and,

collectively with the MVPQ Onshore Feeder, the “MVPQ Feeders”), each of which invests substantially all of its assets in a series of SPM Macro Master Fund, L.P., a Delaware “multi-series” limited partnership (“MVPQ Master Fund”).

- SPM Shanba Fund, Ltd., a Cayman Islands exempted company (the “Shanba Fund”), which invests substantially all of its assets in the Core Offshore Feeder.
- Two “Single Investor Funds,” each of which is a Delaware limited partnership formed primarily for investment by investors who are affiliated with each other, but not with SPM.

Each of the SSH Onshore Feeder, the MBS Agency Onshore Feeder, the Core Onshore Feeder, the Opportunity Onshore Feeder and the MVPQ Onshore Feeder is referred to as an “Onshore Feeder Fund” and, collectively, they are referred to as the “Onshore Feeder Funds.” Each of the SSH Offshore Feeder, the MBS Agency Offshore Feeder, the Core Offshore Feeder, the Opportunity Offshore Feeder and the MVPQ Offshore Feeder is referred to as an “Offshore Feeder Fund” and, collectively, they are referred to as the “Offshore Feeder Funds.” Each of the SSH Master Fund, the MBS Agency Master Fund, the Core Master Fund, the Opportunity Master Fund, the MVPQ Master Fund is referred to as a “Master Fund” and, collectively, they are referred to as the “Master Funds.” Each Onshore Feeder Fund and Offshore Feeder Fund is referred to as a “Feeder Fund” and, collectively, as the “Feeder Funds.” Each of the SSH Funds, MBS Agency Funds and Products Funds is referred to as a “Fund,” and, collectively, they are referred to as the “Funds.”

Each of the Core Feeders, the Opportunity Feeders, the MVPQ Feeders (each, a “Products Feeder Fund”) and the Single Investor Funds accepts investments from investors. Each of the Core Master Fund, the Opportunity Master Fund and the MVPQ Master Fund (each, a “Products Master Fund”) generally accepts investments only from its related Feeder Funds. However, the Opportunity Master Fund may invest in the Core Master Fund and in the MVPQ Master Fund, and the Core Master Fund may invest in the SSH Master Fund and the MBS Agency Master Fund. Each Single Investor Fund makes its investments directly.

Notwithstanding anything in this Brochure to the contrary, from time to time, instead of a Fund investing in another Fund through the Master Funds, a Feeder Fund may invest into a corresponding Feeder Fund (e.g., Opportunity Onshore Feeder may invest in Core Onshore Feeder, instead of Opportunity Onshore Feeder investing into the Opportunity Master Fund, which would then invest in the Core Master Fund). For example, as of January 1, 2014, the Core Onshore Feeder invested the portion of its assets that otherwise would have been invested through the Core Master Fund into the MBS Agency Master Fund directly into the MBS Agency Onshore Feeder, which in turn invested directly into the MBS Agency Master Fund. Similarly, as of such date, the Core Offshore Feeder invested that portion of its assets directly into the MBS Agency Offshore Feeder, which in turn invested directly into the MBS Agency Master Fund. In these circumstances, the Feeder Funds into which the investments are made (such as MBS Agency Onshore Feeder and MBS Agency Offshore Feeder in the prior example) will waive all asset-based fees, performance-based fees and any applicable lock-up period associated with the

investments of the investing Feeder Funds. This flexibility in structure has no effect on the investment objectives or strategies of any Fund.

Each Fund is exempt from registration as an investment company pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (“1940 Act”). The interests or shares in each Fund are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended (the “1933 Act”).

None of the Advisers tailors its investment advice to the needs of any investor in a Fund. However, certain Funds have entered into side letters with investors which may impose restrictions or limitations on Fund investments.

As of December 31, 2013, each Adviser had the amount specified below in discretionary assets under management (computed using the same method as was used in responding to Item 5.F of Part 1A of the Form ADV of each Adviser):¹

SPM	\$3,843,909,878
SPM III	\$3,065,696,957
SPM Products	\$3,233,570,126

No Adviser advises any non-discretionary accounts or funds for which it does not have discretionary authority.

Item 5. - Fees and Compensation

Because this Brochure is being delivered only to “qualified purchasers” under the 1940 Act, the Advisers are not required to provide a fee schedule for the Funds.

Each Feeder Fund, Single Investor Fund and the Shanba Fund (indirectly through its investment in the Core Offshore Feeder) pays a monthly management fee and an annual performance-based fee (subject to a loss-carryforward or “high water mark” and, with respect to certain Funds, a “hurdle rate”). The fees paid by an investor in a Feeder Fund and the Shanba Fund are set forth in the private placement memorandum and related organization documents for that Fund (“Memorandum”), or, in the case of a Single Investor Fund, in its limited partnership agreement.

Each Feeder Fund, Single Investor Fund and the Shanba Fund (indirectly through its investment in the Core Offshore Feeder) pays fees to the Adviser that advises that Fund directly. The third-party administrator of the applicable Fund calculates the monthly or annual fee.

¹ As noted on Part 1A of Form ADV, the Advisers have calculated regulatory assets under management, consistent with the instructions to Form ADV, as the sum of the gross asset values of each of the Funds, without any exclusion for the assets of any Funds that are invested in other Funds. As a result, regulatory assets under management for SPM Products include some assets that have already been included in the calculation for SPM and SPM III. If SPM Products were to exclude such assets from the calculation, regulatory assets under management for SPM Products as of December 31, 2013 would be \$1,330,198,209. Regulatory assets under management for SPM and SPM III would be the same under either calculation.

Generally, asset-based management fees are deducted monthly, in arrears, while performance-based fees, when applicable, are deducted annually at the end of each fiscal year.

With respect to the management fees, an external accountant reviews the monthly management fee schedule and financial statements prepared by the administrator, and drafts and signs a letter instructing the custodian of the applicable Fund to release funds to pay the management fee. The accountant sends this letter to the Chief Financial Officer (“CFO”) of the appropriate Adviser, who reviews the management fee calculations and signs and sends a similar letter to the custodian. The custodian then sends the funds to the administrator, who transfers the management fee to the appropriate Adviser.

The performance fee is accrued each month during the fiscal year and is paid to the appropriate Adviser once the external auditor has verbally confirmed that the calculation of the performance fee is correct. After such verbal confirmation, the custodian is authorized to release the fee to the administrator, who reviews and sends the fee to the appropriate Adviser. If an investor redeems or withdraws all or part of its investment at any time other than the last Business Day of a fiscal year, the investor will pay a pro-rated performance fee to the appropriate Adviser. None of the Funds charge investors any fees in advance.

Management and performance fees may be waived in full or in part by the general partner and/or the Adviser, as applicable, with respect to any investor in any Fund.

Structured Servicing Transactions Group, L.L.C., a Delaware limited liability company and an affiliate of each Adviser (“SSTG”), is the general partner of each Onshore Feeder, each Master Fund (other than SSH Master Fund, of which SPM serves as general partner without a fee) and each Single Investor Fund. SSH Onshore Feeder pays SSTG an annual “general partner fee” of \$75,000 if no performance fee is earned from SSH Onshore Feeder for that year. If the performance fee is more than \$0 but less than \$75,000, the difference between the performance fee amount and \$75,000 will be paid to SSTG and allocated as an expense to the limited partners *pro rata* based upon capital account balances. If the performance fee is \$75,000 or greater, no general partner fee will be paid. Every other Fund for which SSTG serves as general partner (other than the Core Master Fund and the Single Investor Funds) pays SSTG an annual “general partner fee” of \$15,000. The Single Investor Funds do not pay a general partner fee.

Each Feeder Fund, Single Investor Fund and the Shanba Fund bears its ongoing transaction, administrative, custody, legal (including blue sky compliance, side letter negotiation and costs relating to offering in foreign jurisdictions and/or to particular types of investors), tax preparation, investor reporting, valuation agent and appraisal fees and expenses, insurance and accounting and audit expenses and any other expenses that are reasonably incurred in connection with the business or maintenance of that Fund. Each Feeder Fund, Single Investor Fund and the Shanba Fund also pays the fees and expenses of any prime brokers and any administrator. Each Feeder Fund also pays its *pro rata* share of the expenses of the Master Fund(s), if any, in which it invests.

As noted above, the Opportunity Master Fund may invest in the Core Master Fund and in the MVPQ Master Fund. In such cases, the Opportunity Master Fund will not pay an asset-based or performance-based fee in connection with its investment in the Core Master Fund or in the

MVPQ Master Fund. The Opportunity Master Fund will, however, be responsible for its *pro rata* share of the Core Master Fund and the MVPQ Master Fund's expenses as an investor therein, including its share of any general partner's fee paid to SSTG.

The Core Master Fund may invest in the SSH Master Fund and the MBS Agency Master Fund, as discussed in Item 4 above. The Core Master Fund will not pay an asset-based or performance-based fee to an Adviser of one of these Funds in connection with the investment by the Core Master Fund. The Core Master Fund will, however, be responsible for its *pro rata* share of each of these Master Fund's expenses as an investor therein, including its share of any general partner's fee paid to SSTG or any other general partner of a Fund in which the Core Master Fund invests.

An investor in certain Funds may also be subject to a redemption fee if an investor withdraws or redeems all or part of its interests or shares prior to any applicable lock-up periods, as specified in the offering documents for that Fund.

No Adviser or its supervised persons accept compensation for the sale of securities or other investment products. See Item 12 for a discussion of the brokerage practices of the Advisers.

Item 6. - Performance-Based Fees and Side-by-Side Management

Each Adviser charges the relevant Feeder Funds and/or Single Investor Funds that it manages, a performance-based fee as well as a management fee. The performance-based fee for each such Fund is subject to a "high-water mark" and, with respect to some Funds, a "hurdle rate." The performance-based fee is based upon unrealized appreciation of assets.

As a result of the performance-based fee, an Adviser may have an incentive to make investments that are riskier or more speculative than it otherwise might make in the absence of compensation based on the performance of such a Fund. The Advisers monitor the investments made for the Funds on an ongoing basis and endeavor to ensure that investments made for the Funds are appropriate without regard to the potential for performance-based fees.

SPM and the SPM Affiliates share common employees, including portfolio managers, as discussed in Item 10 below. These portfolio managers make investment decisions for the Funds. As a result, there may be a perception that the Advisers have an incentive to favor accounts (through allocation of investments) that are above or near the "high water mark" or "hurdle rate" over those that are significantly below the "high water mark" or the "hurdle rate." This is because an Adviser will not earn a performance-based fee from a Fund, unless the performance of that Fund exceeds the high water mark and, if applicable, hurdle rate. In addition, the Advisers manage funds with different fee structures. Differing fee structures may cause an incentive to allocate investments with favorable return characteristics to Funds paying higher performance fees. The managers of Portfolio Management, Risk Management and Finance/Operations of the Advisers monitor investments made for the Funds on an ongoing basis and endeavor to ensure that investments made for the Funds are appropriate without regard to performance-based fees.

In cases where more than one Fund buys or sells the same non-hedging security, the portfolio managers employed by the Advisers seek to allocate these purchase and sale opportunities in a fair and equitable manner across the Funds. *Pro rata* allocation is pursued when the size of the asset being purchased provides for an equal opportunity for all Funds to share in the asset based on the underlying Funds' AUM without creating odd-lots for the smaller Funds. More often than not, however, *pro rata* is not the allocation method for purchases or sales by Funds. This is because a *pro rata* allocation often is not appropriate in light of the relevant Funds' strategic mandates, including, but not limited to, the size of the Fund, the size of the position, liquidity, leverage, fund level sourcing needs, collateral characteristics, sub-asset classes, cash availability and cash needs. Nevertheless, in such cases, the Advisers intend to allocate purchase and sale opportunities in a fair and equitable manner among the Funds. On a monthly basis, the managers of Portfolio Management, Risk Management and Finance/Operations of the Advisers meet to review all non-hedging trades, including bunched trades, that were executed for the previous month. The review is intended to ensure consistency in the Advisers' allocation procedures. It is also intended to ensure that allocation decisions made considered the Funds' strategic mandates, including but not limited to, the size of the position, liquidity, leverage, fund level sourcing needs, collateral characteristics, sub-asset classes, cash availability and cash needs. The monthly meetings are also intended to confirm that allocations were made in conformity with the policies of the Advisers, to encourage an active debate among the Advisers' division heads and to seek to ensure that all clients are treated fairly over time.

Allocation of hedging positions (highly liquid assets such as treasuries, swaps and forwards) is model driven to maintain the strategic neutral market mandate of the Funds. These investments are allocated in a fair and equitable manner based on the determination of the relevant portfolio managers and applicable law relating to bunched orders. Allocation of such investments is not subject to the foregoing *pro rata* policy or review and documentation procedures.

Item 7. - Types of Clients

The Advisers provide investment management services to the Funds, each of which is a private investment vehicle that is not registered as an investment company under the 1940 Act. The Funds are described in greater detail in Item 4 and Item 8.

Each investor in the SSH Onshore Feeder, the MBS Agency Onshore Feeder, the Core Onshore Feeder, the Opportunity Onshore Feeder and the MVPQ Onshore Feeder must be (1) an accredited investor as defined in Rule 501(a) of Regulation D under the 1933 Act (an "accredited investor"), (2) a qualified purchaser as defined in the 1940 Act and the regulations thereunder (a "qualified purchaser"), and (3) a United States person under the Internal Revenue Code of 1986, as amended ("Code").

Each investor in the SSH Offshore Feeder, the MBS Agency Offshore Feeder, the Core Offshore Feeder, the Opportunity Offshore Feeder and the MVPQ Offshore Feeder must be (1) an accredited investor, (2) a qualified purchaser, and (3) if a United States person under the Code, an entity that is exempt from U.S. federal income tax under Section 501 of the Code or otherwise. For the Shanba Fund, each investor must be (1) an accredited investor, (2) a qualified

purchaser, and (3) must not be a U.S. person (within the meaning of Regulation S) or a United States person (within the meaning of the Code).

Each investor in a Single Investor Fund must be (1) an accredited investor and (2) a qualified purchaser.

The minimum initial investment by an investor in any of the SSH Feeder Funds or MBS Agency Feeder Funds, subject to waiver, is \$1 million. The minimum initial investment by an investor in any of the Core Feeder Funds, the Opportunity Feeder Funds, the MVPQ Feeder Funds or any Single Investor Fund, subject to waiver, is \$5 million. The minimum initial investment by an investor in the Shanba Fund is \$100 million.

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

The investment objective of the SSH Funds is to construct a portfolio that, over time, generates a spread above one-month LIBOR with limited exposure to interest rate and prepayment risk. The SSH Feeder Funds invest substantially all of their assets in the SSH Master Fund. The SSH Master Fund seeks to take advantage of financial circumstances that will, on occasion, allow it to acquire investments at what it considers attractive prices. These circumstances may include periods of rapid or significant change in interest rate levels, unexpectedly high or low levels of prepayments for certain types of mortgages or entire classes of mortgages, periods of decreased liquidity for certain types of assets as well as other circumstances. There may be long periods during which the SSH Master Fund finds no attractive investments for its portfolio and, during those periods, the SSH Master Fund may refrain from investing in such mortgage-related assets. At such times, the SSH Master Fund may have relatively large amounts of cash to invest.

The investment objective of the MBS Agency Funds is to generate returns from investments in the so-called “Agency” mortgage-backed securities market while hedging against the effects of certain risks. The MBS Agency Master Fund executes a strategy of buying mortgage-backed securities, together with appropriate hedging instruments, in order to capture excess risk-adjusted returns. The MBS Agency Master Fund seeks to achieve its investment objective by investing in a broad range of financial assets drawn principally from the U.S. residential mortgage markets. The MBS Agency Master Fund’s portfolio is generally hedged relative to interest rate risk as well as certain risks related to prepayment model errors. There may be long periods during which the MBS Agency Master Fund finds no attractive investments for its portfolio and, during those periods, the MBS Agency Master Fund may refrain from investing in such mortgage-related assets. At such times, the MBS Agency Master Fund may have relatively large amounts of cash to invest.

The investment objective of the Core Funds is to construct a portfolio that, over time, generates a spread above one-month LIBOR, with limited exposure to interest rate and prepayment risk. Historically, the Core Onshore Feeder, the Core Offshore Feeder and the Shanba Fund (through its investment in the Core Offshore Feeder) have invested substantially all of their assets in the Core Master Fund. The Core Master Fund, in turn, has historically invested substantially all of its assets in the SSH Master Fund and the MBS Agency Master Fund, which acquire primarily various mortgage-related and other investments (including, without limitation,

CMOs, MBS, stripped mortgage-backed securities and asset-backed securities), although other types of investments may also be acquired. Each of the Core Funds, at times, holds investments directly in cash and/or cash equivalents. As discussed in Item 4 above, each of the Core Feeders currently invests the portion of its assets that otherwise would have been invested through the Core Master Fund into the MBS Agency Master Fund directly into the corresponding MBS Agency Feeder Fund, which in turn invests directly into the MBS Agency Master Fund. All asset-based fees, performance-based fees and any applicable lock-up period associated with these investments have been waived.

The investment objective of the Opportunity Funds is to construct a portfolio that, over time, generates a spread above one-month LIBOR. The Opportunity Onshore Feeder and the Opportunity Offshore Feeder generally invest substantially all of their assets in the Opportunity Master Fund. Generally, the Opportunity Master Fund seeks to take advantage of economic opportunities arising from market structures and disequilibria that result from broad systemic factors, including macro and microeconomic conditions, changes in government policy, political changes and forecasts and analyses of interest rate, default, credit and volatility trends. In seeking to achieve its objective, the Opportunity Master Fund has broad flexibility to invest in a wide range of asset classes and instruments. The Opportunity Master Fund may take positions in, among other assets, residential and commercial mortgage-backed securities, currencies, debt, equities and commodities, and may take outright directional positions or relative value positions.

The Opportunity Master Fund may invest a portion of its assets in the Core Master Fund and the MVPQ Master Fund. As discussed in Item 4 above, each of the Opportunity Feeders currently invests the portion of its assets that otherwise would have been invested through the Opportunity Master Fund into the Core Master Fund and the MVPQ Master Fund directly into the corresponding Core Feeder and MVPQ Feeder, each of which generally invests directly into the Core Master Fund and the MVPQ Master Fund, as applicable. All asset-based fees, performance-based fees and any applicable lock-up period associated with these investments have been waived.

The investment objective of the MVPQ Funds is to construct a portfolio that, over time, generates a spread above one-month LIBOR. The MVPQ Onshore Feeder and the MVPQ Offshore Feeder invest substantially all of their assets in the MVPQ Master Fund. The MVPQ Funds follow a strategy or strategies intended to benefit from SPM Products' evaluation of the impact of the monetary policies of the U.S. Government and, in particular, the U.S. Federal Reserve Board.

The investment objective of the Single Investor Funds is to generate returns based upon SPM Products' judgments about the, then current, state of the U.S. housing and related mortgage markets. In connection with that objective, SPM Products executes a strategy of buying IOs and other securities, together with interest rate risk hedging instruments, in order to capture excess return from slower than expected prepayments on residential mortgages. The Single Investor Funds' assets are generally invested in a broad range of financial assets drawn principally from the U.S. residential markets, including bonds, debentures, notes, and other fixed-income instruments.

Each of the Master Funds and the Single Investor Funds may take long or short positions in the securities in which they invest.

In selecting investments, the Advisers use a variety of proprietary financial models and third-party software, together with research obtained from third parties and market knowledge obtained from the experience and professional contacts of its professionals.

With respect to certain Funds, the Advisers may use, among other methods of analysis, option-adjusted spread (“OAS”) analysis and/or relative value analysis in selecting securities and other assets. The OAS of a security or other asset is the yield-spread (in basis points) to some interest rate or set of interest rates (*e.g.*, LIBOR) corresponding to a specified price for the security or asset. The OAS of a security nets out the effects of the option(s) embedded in the security on the security’s yield. Most mortgages, for example, come with the option – held by the mortgagors – to pay off their loans at any time before stated maturity. Thus, the mortgagors effectively hold call options exercisable against the owner of the mortgage. The value of such a mortgage depends, in part, upon the value of the call option. Likewise, the sensitivity of the mortgage’s value to changes in interest rates will depend, in part, upon the effects of changes in those rates on the mortgagor’s propensity to repay his, her or its loan. OAS analysis consists of evaluating the effects of the embedded options on a security’s price, sensitivity to changes in interest rates, sensitivity to changes in spread and, with respect to mortgage-related investments, sensitivity to changes in mortgagor propensities to prepay their loans.

Relative value analysis is an attempt to determine which of a set of securities or other assets offers better value, given its price and related risks. For example, two securities, which may be offered at the same price, can differ in sensitivity to various uncertainties (risks). The less sensitive (riskier) of these securities will be of greater relative value than the more sensitive one.

Risks Related to Fund Strategies and Practices

Each of the following material risks apply to investment by the Funds, whether directly by the Feeder Funds and the Single Investor Funds, or indirectly through a Master Fund, and by the Core Master Fund and Opportunity Master Fund through their investment in other Funds.

Hedging. The Funds may take both long positions and short positions in certain asset classes, primarily for hedging purposes. As part of their general strategy, the Funds may acquire positions that expose them to significant interest rate and prepayment risks but typically hedge against those risks by acquiring assets whose value should move in the opposite direction of those acquired positions that have these exposures.

The Funds typically hedge their economic interest through the purchase and/or sale of various financial instruments. In general, the successful use of any hedging technique is an uncertain matter, but it is dependent on intellectual resources, modeling tools and the various types of technology that assist in bringing these two resources together. The degree to which a Fund hedges depends on its Adviser’s assessment of prevailing risks, market conditions, price levels and other factors. In general, the Funds (other than the MVPQ Funds) will seek to maintain low levels of exposure to certain major risks associated with interest rate levels and

changes. In some circumstances, the MVPQ Funds will also be managed so as to hedge against certain changes in interest rates, volatilities or prices. However, a large portion of the MVPQ Funds' portfolio may remain unhedged relative to some or all of these factors at various times. There can be no assurance that such hedging activity will be effective in protecting any of the Funds from losses associated with those risks. Further, any such hedging activities may expose the Funds to risks to which it would not otherwise have been exposed.

Current Market Conditions. Financial markets have experienced significant changes since 2008. At times, these markets have suffered from substantial price volatility (both actual and implied) while at others such volatility may have been suppressed as a result of government policy. At times liquidity in these markets has also suffered. The U.S. real estate – including residential housing – market, residential mortgage market and credit markets have been particularly affected by these changes in volatility and government policies. These conditions may return or continue and, should that happen, the Funds' investments might be negatively affected.

Borrowing. Each Fund may borrow money to finance investments, and for liquidity. Generally, the Funds will use repurchase agreements and/or reverse repurchase agreements for financing purposes. The Funds run the risk of a default of the counterparty to the Master Repurchase Agreement (“MRA”) governing their repurchase and reverse repurchase agreements.

The Funds currently do all of their borrowing through MRAs. The Funds may also enter into revolving credit agreements. Such agreements are subject to a number of conditions including, without limitation, covenants relating to the activities and financial condition of the Funds, conditions of lending, representations and warranties, and events of default. A Fund's failure to comply with these terms and conditions may cause an event of default under the credit agreement, which could permit the lenders to refuse to fund additional loans and/or foreclose on the collateral which the Fund pledged in connection with the agreement. A defaulting Fund may be unable to find a replacement source of financing. Even if the Fund could find additional financing, it may not be able to negotiate advantageous terms or satisfy the terms of the replacement financing agreement.

If the Funds are unable to borrow, this inability could have a negative affect on the Funds' performance and liquidity.

Derivatives. The Funds may invest in or use derivatives (“Derivatives”). These are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular Derivative and the portfolio as a whole. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in Derivatives could have a large potential impact on a Fund's performance. The risks generally associated with Derivatives include the risks that: (a) the value of the Derivative will change in a manner detrimental to the Fund; (b) before purchasing the Derivative, the Fund will not have the opportunity to observe its performance under all market conditions; (c) another party to the Derivative may fail to comply with the terms of the Derivative contract; (d) the Derivative may be difficult to purchase or sell; and (e) the Derivative may involve indebtedness or economic leverage, such that adverse changes in the

value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Risks Related to Specific Types of Securities In Which the Funds Invest

The Advisers generally recommend investment in mortgage-related securities, particularly residential mortgage-related securities. All of the Funds may invest in other assets.

Mortgage-Related Securities Generally. Mortgage-related securities are collateralized by residential or commercial mortgages or pools of residential or commercial mortgages. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations.

Mortgage-related securities are subject to credit risk associated with the performance by the mortgagors. Prepayment risk can lead to fluctuations in value of the mortgage-related security, which may be pronounced. If a mortgage-related security is purchased at a premium, all or part of the premium may be lost if there is a decline in the market value of the security, whether resulting from changes in interest rates or prepayments on the underlying mortgage collateral. As with other interest-bearing securities, the prices of certain mortgage-related securities are inversely affected by changes in interest rates. However, although the value of a mortgage-related security may decline when interest rates rise, the converse is not necessarily true, since in periods of declining interest rates the mortgages underlying the security are more likely to be prepaid. Due to declining interest rates and for other reasons, a mortgage-related security's stated maturity may be shortened by unscheduled prepayments on the underlying mortgages. Therefore, it is not possible to predict precisely a security's return to an investor. During periods of rapidly rising interest rates, prepayments of mortgage-related securities may occur at slower than expected rates. Slower prepayments effectively may lengthen a mortgage-related security's expected maturity, which generally would cause the value of such security to fluctuate more widely in response to changes in interest rates.

Risks of Investment in Residential Mortgage Securities. The assets held by the Funds may include mortgage-related securities, government-related securities, government-sponsored securities and other securities backed by residential mortgage loans ("**Residential Mortgage Securities**"). Violations of certain provisions of federal, state and local laws, as well as actions by governmental agencies, authorities and attorneys general, may limit the ability of a servicer to collect all or part of the principal of, or interest on, the mortgage loans that serve as security for the Residential Mortgage Securities. Violations could also subject the entity that made the loans to damages and administrative enforcement (including disgorgement of prior interest and fees paid). In particular, a loan seller's failure to comply with certain requirements of federal and state laws could subject the seller (and other assignees of the mortgage loans) to monetary penalties and result in the obligors' rescinding the mortgage loans against the seller and any subsequent holders of the mortgage loans, even if the assignee was not responsible for and was unaware of those violations.

The terms of the documents used to create Residential Mortgage Securities typically entitle the holders of the securitized loans to contractual indemnification against these liabilities. For example, the sellers of loans placed in a Residential Mortgage Security typically represent

that each mortgage loan was in compliance with applicable federal and state laws and regulations at the time it was made. If there is a breach of that representation, the seller will be obligated to cure the breach or repurchase or replace the affected mortgage loan. If the seller is unable or otherwise fails to satisfy these obligations, the yield on the Residential Mortgage Securities may be materially and adversely affected. Due to the well-publicized deterioration in the housing market several years ago, many of the sellers that issued these indemnifications are no longer extant or are unable to financially respond to their indemnification obligations. Consequently, holders of interests in the Residential Mortgage Securities, such as the Funds, may ultimately have to absorb the losses arising from the sellers' violations.

Furthermore, the volume of new and modified laws and regulations at both the federal and state levels relating to Residential Mortgage Securities and residential mortgage loans has increased in recent years. It is possible that these laws, including any litigation resulting from increased enforcement, might result in additional significant costs and liabilities, which could adversely affect the Funds' returns.

Debt and Other Income Securities. The Funds may invest in fixed-income securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. This inverse relationship means, in general, the values of fixed income securities increase when prevailing interest rates fall and decrease when interest rates rise. Market risk relates to the changes in the risk or perceived risk of an issuer, country or region. Credit risk relates to the ability of the issuer to make payments of principal and interest. A Fund could lose money if the issuer of a fixed income security is unable to pay interest or repay principal when due. Credit risk applies to most fixed income securities. The values of income securities may also be affected by changes in the credit rating or financial condition of the issuing entities.

For a more complete discussion of the analysis and investment strategies used in formulating investment advice or managing assets and the investment risks for the Funds, investors should review the applicable Memorandum for each Feeder Fund or the Shanba Fund, or, with respect to the Single Investor Funds, the appropriate limited partnership agreement.

Item 9. - Disciplinary History

There are no legal or disciplinary events material to a client's or prospective client's evaluation of any Adviser's business.

Item 10. - Other Financial Industry Activities and Affiliations

Each Adviser is an affiliate of SSTG, which serves as the general partner of the Onshore Feeder Funds, the Master Funds (other than SSH Master Fund) and the Single Investor Funds.

In addition, SPM is a majority-owner of each of the SPM Affiliates, including each class of interests of SPM Products. As noted in Item 5 above, the Shanba Fund, the Core Funds and the Opportunity Funds invest in certain other Funds, although, as noted in Item 5, the Shanba

Fund, the Core Funds and the Opportunity Funds will not bear asset-based or performance-based fees as a result of investing in another Fund.

All Advisers share common offices and employees. Each Adviser is the investment adviser to, and/or general partner of, a private fund or funds, some of which are Funds in which the Shanba Fund, the Core Funds and/or the Opportunity Funds invest. Each Fund may hold or seek to purchase or sell some of the same investments as other Funds. See the response to Item 6 for further information.

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

Each of the Advisers has adopted the same Code of Ethics ("Code") that sets forth the standards of conduct expected of all of the employees, managers, and officers of each Adviser ("Personnel"). All Personnel must comply with the Code.

The Code requires the Personnel to report their personal securities holdings and transactions and requires the Chief Compliance Officer ("CCO") or his designee to pre-approve certain investments. Personnel are required to submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code. In addition, Personnel are required to submit quarterly transaction reports that detail the individual's securities transactions for the quarter. The Code states that Personnel owe a duty of loyalty to the applicable Adviser(s) and their clients that requires them to act for the best interests of those clients. In addition, Personnel must avoid actions or activities that allow (or appear to allow) them or their family members to profit or benefit from their relationships with the applicable Adviser(s) and their clients. In the event a conflict is unavoidable, the applicable Adviser(s) will proactively disclose the conflict to investors. The Code also contains policies involving the safeguarding of proprietary and non-public information by Personnel along with restrictions on the use of insider information and the use of non-public information regarding a client.

The Advisers will provide a copy of its Code to any investor or prospective investor upon request.

SSTG acts as the general partner, and SPM or an SPM Affiliate acts as the investment manager, to certain Funds in which other Funds may invest. In order to address the conflict, performance fees are not paid by a Fund with respect to that Fund's investment in another Fund. However, SSTG may be paid a nominal general partner fee by each Fund and by each Fund in which a Fund invests. For information, see the response to Item 5.

One or more Funds may purchase or sell securities at the same time that another Fund or Funds purchases or sells securities. For more information, see the response to Item 6.

The Advisers are authorized to engage in transactions in which they act as an adviser for a Fund and for another person on the other side of the transaction, including another Fund. The Advisers may, from time to time, cause a Fund to engage in cross trading with another Fund when the Advisers deem such transactions to be in the best interest of each Fund. The Advisers will not be compensated for any such transactions, other than the receipt of the management and

performance fees described in Item 5. In the rare event that the Advisers cause a Fund to engage in a cross trade with another Fund, the Advisers will typically engage the broker community as an intermediary.

To comply with securities laws and avoid the appearance of impropriety, the Advisers have a Restricted Trading List (“RTL”), which is a list of securities or types of securities subject to restrictions in trading for proprietary accounts and for employee and related accounts, and other activities and which is furnished to personnel. Currently, these securities include any securities of an issuer held by a Fund, any mortgage-backed securities and any securities of an issuer about which an Adviser receives non-public information; provided, however, that government securities are not on the RTL. In addition, and notwithstanding anything set forth in the Code, every employee must receive approval of the CCO or his delegate prior to trading any such securities. The placement of an issuer on the RTL restricts personal trading in any security issued by that issuer unless the CCO or his delegate, the Compliance Officer or Compliance Manager, grants an exception, which must occur before any prohibited activity is initiated. Securities are generally kept on the RTL until the end of the quarter in which the securities are sold, but not less than thirty (30) days after the date of such sale or cover.

The CCO is required to report issues that arise under the Code to senior management at least annually.

Item 12. - Brokerage Practices

The Advisers make investment decisions and arrange for the placement of buy and sell orders and the execution of portfolio transactions for the Funds. While some investment advisers may allow clients to direct the execution of transactions through a specified broker-dealer, the Advisers select the brokers used by the Funds. In arranging for the execution of portfolio transactions on behalf of the Funds, the Advisers use their best judgment to choose the broker or dealer believed to be most capable of providing the services necessary to obtain the most favorable execution. The full range and quality of services available is considered in making these determinations. In those instances where it is reasonably determined that more than one broker or dealer can offer the services needed to obtain most favorable execution, consideration may be given to those dealers or brokers that supply favorable financing, investment research, economic, market and statistical information and brokerage services (which may include certain computer software, reports and research seminars) to the Advisers. The Advisers may deem certain of these services useful in the performance of their obligations to the Funds. Not all of these services may be useful for all of the Funds.

Notwithstanding the foregoing, when a Fund invests in another Fund, the Adviser of the second Fund makes decisions concerning the allocation of assets and arranges for the placement of buy and sell orders and the execution of portfolio transactions on behalf of the second Fund.

The Advisers do not currently have any formal soft dollar arrangements that would commit the Funds to any implied or explicit level of trading.

The Advisers generally aggregate trades where aggregation will provide the best price. Each Fund or other entity participating in an aggregated trade receives an allocation of its

respective portion or proceeds of the aggregated purchase or sale based upon the allocation policies as set forth in Item 6.

Item 13. - Review of Accounts

Personnel review and monitor the Funds' accounts on an ongoing basis. Daily risk management reports, which list positions, values, and various quantitative measures of risk, are reviewed by various members of the professional staff. These are checked to determine whether risk limits have been exceeded. Adjustments are made if limits are exceeded and in case they are in danger of being exceeded. Financing ("repo") positions are reviewed frequently by Finance/Operations and periodically by the COO or his or her designee to determine if leverage is within limits. Cash is checked on a regular basis by the Advisers' Chief Financial Officer and COO or his or her designee. Position reports/hedge reports are also reviewed periodically by the Advisers' Chief Executive Officer, Risk Management and Portfolio Management.

Investors in each Feeder Fund and Single Investor Fund receive a monthly statement of the net asset value of their investment in the applicable Fund for that month. Audited financial statements are distributed to such investors as soon as practicable after the end of each fiscal year, but not later than 120 days after the end of each fiscal year. The investors in the Single Investor Funds also receive quarterly lists of the positions of the Single Investor Fund in which they invest.

After the end of each fiscal year, each investor in the Onshore Feeders and the Single Investor Funds is provided with a Schedule K-1.

Item 14. - Client Referrals and Other Compensation

SPM Products has retained an unaffiliated Japanese company to serve as local service agent for purposes of offers and sales of interests in the Core Offshore Feeder solely to Japanese investors in Japan. The compensation paid to the Japanese service agent is based on a percentage of the management fee payable to the Advisers with respect to Japanese investors serviced by the local service agent. The exact percentage of the management fee used to calculate the local service agent's compensation varies throughout the term of an investor's investment. SPM previously entered into a solicitation agreement pursuant to which SPM agreed to pay Laufer Consulting/Panther Partners (whose principals were previously investors in Upper Shad) an amount equal to 10% of the management fees and/or performance fees paid to SPM that are directly attributable to the interests in the SSH Feeder Funds purchased by a particular client identified by Laufer Consulting/Panther Partners. While Laufer Consulting/Panther Partners no longer solicits investors for the SSH Feeder Funds, it continues to receive payment under the previous agreement. Any solicitation firm engaged by SPM (and/or the SPM Affiliates) will be paid by SPM and not by investors.

Item 15. - Custody

Each Adviser has custody of assets of the Funds which it advises and SSTG has custody of the Funds of which it serves as general partner. Each Fund is subject to an annual audit by independent public accountants and the audited financial statements are distributed to each

investor. The audited financial statements of a Fund will be prepared in accordance with U.S. generally accepted accounting principals and distributed to Fund investors within 120 days of such Fund's fiscal year end.

Item 16. - Investment Discretion

Each Adviser has full discretionary authority over the investment activities of the Funds which it advises. The limitations in its investments for a Fund, if any, are set forth in the applicable Memorandum or, in the case of a Single Investor Fund, the limited partnership agreement of that Single Investor Fund. Except as set forth in Item 4, no investor may impose limitations on the investment activities of a Fund.

Item 17. - Voting Client Securities

The Advisers have all adopted identical procedures governing the voting of their respective clients' proxies. Each Adviser has the authority to vote proxies on behalf of the Funds which it advises. In the event the voting of proxies is required, each Adviser has adopted a policy governing the voting of proxies that is designed to ensure that such Adviser votes client securities in the best interest of its clients. The Advisers will each generally vote proxies so as to preserve the long-term economic value of the underlying securities. Each proxy proposal will be considered on its own merits, and an independent determination will be made whether to support or oppose management's position. Although the Advisers believe that the recommendation of management should be given substantial weight, the Advisers will not support management proposals that may be detrimental to the underlying value of client positions. Investors may obtain a copy of these proxy voting policies as well as information about how an Adviser has voted its clients' proxies by calling Ward McGraw at (203) 351-2877.

Under no circumstances may investors direct how a Fund votes a proxy.

Item 18. - Financial Information

The Advisers do not require or solicit prepayment of any fees in advance. No Adviser has been the subject of a bankruptcy petition at any time during the past ten years.