

Chatham Asset Management, LLC

Part 2A of Form ADV

The Brochure

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This brochure provides information about the qualifications and business practices of Chatham Asset Management, LLC and its affiliates (collectively, “CAM” or the “Firm”). Additional information about CAM is also available on the United States Securities and Exchange Commission’s (“SEC”) website at: www.adviserinfo.sec.gov. If you have any questions about the contents of this Brochure, please contact CAM’s Chief Compliance Officer at 973-701-2424.

CAM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940 (the “Advisers Act”), as amended. Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2. Material Changes

Since its last annual update in March 2013, CAM has begun providing sub-advisory services to certain registered investment company clients. These clients are managed in a manner similar to CAM's private fund and separate account clients. Certain items in this disclosure document have been updated to include references to these registered investment company clients.

Other than the changes noted above, CAM's business activities have not changed materially since the time of the last update.

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Item 4. Advisory Business

CAM is a Delaware limited liability corporation founded in 2003. Anthony Melchiorre is the founder and principal owner of CAM. CAM seeks to primarily invest its assets in high yield bonds, leveraged loans, credit derivatives and may also invest long or short in "special situations" in the crossover, distressed debt and credit derivatives markets. The Firm seeks to exploit both fundamental and technical inefficiencies in the pricing of leveraged credits across the capital structure through the identification and active trading of high yield bonds and leveraged loans to generate returns and manage risk.

CAM manages a high yield investment strategy on behalf of its institutional clients, including the Chatham Asset High Yield Funds (the "Funds") and one single investor fund (the "Managed Account") for a large institutional investor. In addition, the Firm serves as a sub-adviser to certain

registered investment company clients (the “RICs”). Collectively, the Funds, Managed Account, and RICs shall be referred to as a “Client” or the “Clients.” The Funds are organized as a master-feeder fund and the Managed Account is organized as a domestic partnership.

In exchange for its significant investment, CAM has entered into an agreement which grants the Managed Account certain rights including, without limitation, preferential withdrawal terms and transparency rights. Accordingly, such preferential rights could have a negative adverse impact on the management and valuation of the assets of CAM’s other Clients if the Managed Account Client were to request a liquidation of all or significant portion of its account.

As of December 31, 2013, CAM managed \$1.601 billion on a discretionary basis on behalf of its Clients.

Item 5. Fees and Compensation

Management and Performance Fees

CAM charges the Funds an annual management fee of 1.5% based on each Fund’s assets, respectively. The management fee is paid quarterly in advance based on the net-asset value of the last day of the preceding quarter. In addition, at the end of each fiscal year CAM receives a 20% performance fee based on the net increase of each Fund’s value subject to a high water mark. However, fees may be waived or reduced, at the sole discretion of CAM, such as employees of CAM and their family members and certain large or strategic investors in the Funds. Any prepaid management fees that are collected in advance for the Funds will be rebated on a pro-rata basis to any investor upon withdrawal from the Funds.

CAM’s Managed Account has negotiated its own specific management and performance fees that are calculated based upon various terms and conditions as outlined in the Limited Partnership Agreement between and among CAM, its affiliates and the Managed Account Client. Management fees for the Managed Account Client are charged quarterly in arrears.

For the advisory services CAM provides to the RICs, the Firm receives from the advisers an annual sub-advisory fee based on the value of the average daily net assets of the allocable portion of the RICs managed by CAM. The fee accrues daily and is payable monthly or quarterly in arrears. CAM is not paid a performance fee for management of the RICs.

In addition to management and performance fees, Clients will bear indirectly various fees and expenses. Those fees and expenses may include, but are not limited to, fees associated with fund administration, prime brokerage, legal and accounting, taxes, and commissions and brokerage.

All current and potential investors/clients should review the offering or governing documents for each Client in conjunction with this brochure for more complete information on the fees and compensation payable with respect to a particular Client.

Withdrawals

The Funds allow for quarterly withdrawals. Investors in such Funds must provide at least 45 days' prior notice to withdraw all or a portion of its capital account as of the last day of each calendar quarter. However, a 3% withdrawal fee of the amount being withdrawn will be paid to the Fund if an investor withdraws all or a portion of its capital account attributable to a particular capital contribution within one year of the date such contribution was made. In addition, CAM's Managed Account has negotiated its own specific terms and conditions related to withdrawals that are outlined in the Limited Partnership Agreement between and among CAM, its affiliates and the Managed Account Client.

CAM, the general partner and/or the Board of Directors of a Fund, in its sole discretion, may waive or modify any terms related to withdrawals for an investor in the Fund pursuant to a written agreement with the investor.

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

CAM may provide concurrent advisory services to Clients of varying sizes and inception dates. The fees charged by CAM to such Clients varies and includes those that are not charged a performance-based fee by CAM or its related persons and Clients that are charged a performance-based fee. Accordingly, the potential for CAM and its related persons to receive greater fees from performance-based accounts creates potential conflicts of interest with respect to the allocation of investment opportunities, as CAM may have incentives to direct the best investment ideas to, or to allocate investments in favor of, Funds or Managed Accounts that pay performance fees. To mitigate potential conflicts of interest, allocations of investment opportunities among Clients are determined by CAM in accordance with its investment allocation policy and consistent with its fiduciary duties and corresponding investment mandates.

It is CAM's policy that all investment opportunities will, to the extent practicable, be allocated among its Clients on a basis that over a period of time is fair and equitable to each Client relative to other Clients, taking into account relevant facts and circumstances. Clients and investors in the Funds should be aware that the foregoing procedures in certain circumstances may: adversely affect the price paid or received by a Fund or a Client account or the size of a position purchased or sold by the Fund or Client account, including commission prices; preclude a Fund or a Client account from participating in an investment; or limit the rights that a Fund or Client account may exercise with respect to an investment.

Item 7. Types of Clients

CAM provides investment advisory services to its Clients. Investment advice is provided directly to each Client, subject to the direction and control of the General Partner for the domestic Funds and the Board of Directors for the offshore Fund and RICs, and not individually to the limited partners or shareholders of the Funds or the RICs. Investors in CAM's Funds may include, but are not limited to, high net worth individuals, pension plans, endowments, foundations, and corporate or business entities.

The details concerning applicable investor suitability criteria are set forth in the respective Fund's Private Confidential Offering Memorandum and subscription materials. Although CAM and/or its affiliates have the authority to accept subscriptions for lesser amounts, the minimum investment in the Funds is generally \$1.0 million. Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" and "qualified purchaser" within the meaning set forth under the United States federal securities laws.

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

The following is a summary of the methods of analysis and investment strategies employed by CAM as well as the material risks associated with investing in such strategies. Prospective and existing investors/clients are advised to review the offering materials and other constituent documents for full details on each applicable Client's investment, operational and other actual and potential risks.

Method of Analysis and Investment Strategies

CAM seeks investment opportunities in securities and other investments that it believes are mispriced as a result of market inefficiencies. CAM believes these inefficiencies can occur as existing holders of the investments are often unprepared or ill-equipped to evaluate the impact certain financial, legal or operational issues will have on the issuer. At the same time, CAM believes that the number of market participants who are willing to evaluate such investments are limited, thus potentially causing an imbalance between sellers and buyers.

CAM generally begins its investment process by employing a top-down industry review with bottom-up fundamental credit analysis to identify potential opportunities. As part of the research process, CAM's investment team typically reviews annual and quarterly company reports, publicly available filings such as SEC, bankruptcy and other court filings, credit agreements and bond indentures. The investment team may also speak with company management, industry experts and Wall Street analysts. Once enterprise valuation is established through the research process, CAM will overlay the valuation onto the capital structure in order to uncover the intrinsic value of each tranche of debt and equity. After detailed analysis and understanding of covenants, collateral and security, intrinsic value will be compared to market prices in order to determine which part of the capital structure to be long/short based on upside/downside and arbitrage potential.

Once the fundamental analysis is completed, CAM evaluates the technical trading aspects of a potential investment to assess the efficient entry and exit points for the position. CAM believes that this is a part of the investment process that is frequently overlooked by traditional investment vehicles and less experienced fund managers. It is nearly as important as fundamental analysis because credit instruments often trade at levels at odds with intrinsic value, and these relationships can often persist indeterminately and for multiple price points through the inefficient trading relationship that is initially uncovered. This analysis encompasses a number of trading catalysts including the flow of capital in the relevant market, company specific credit news (e.g., earnings statements), ratings agency activity, market sentiment toward the credit, sector or general

marketplace, size/vibrancy of the new issue market and buying/selling dynamics from the distressed, stressed, high yield and investment grade markets.

CAM then synthesizes this information to determine the horizon of the investment. Positions will reflect CAM's investment team's views on the broader debt and equity markets, the relative valuations of sectors of the credit markets, specific credits in the marketplace, and the relative pricing of the capital structure of such credits. The long/short balancing of each Client's portfolio will vary according to the investment team's market outlook at any given time. Positioning strategies will include the determination of going long or short the credit on either an outright or hedged basis. Additionally, CAM determines which securities should be positioned (i.e., bank debt vs. bonds vs. equity), in what relationship (i.e., long bank debt, short equity or sub debt), and in which market (i.e., cash vs. derivative). CAM continually manages each Client's portfolio by monitoring positions and sectors on a daily basis.

CAM seeks to primarily invest in high yield bonds, bank debt, senior notes and subordinated notes. However, CAM has broad investment authority to invest in a wide variety of securities and financial instruments on behalf of its Clients such as preferred stocks and equities, credit default swaps and trade or vendor claims. Further details relating to Clients' investments are set forth in each relevant Client's governing documents (e.g., offering documents and/or partnership agreement).

Risk of Loss

CAM's investment strategy involves a number of risks. Accordingly, an investment with CAM may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risks associated with such investment strategy. No guarantee or representation is made that a Client will achieve its investment objective or that investors or shareholders in a Fund or a Managed Account Client will receive a return of their capital. All investing involves a risk of loss and the investment strategy offered by CAM could lose money.

The descriptions contained below are a brief overview of different risks related to CAM's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of such strategy. With respect to the Funds, prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable Fund's investment, operational and other actual and potential risks.

Stressed and Distressed Securities: Clients may invest in "stressed and distressed securities"—securities, private claims and obligations of entities that are experiencing significant financial or business difficulties or have filed for Chapter 11 protection under the U.S. Bankruptcy Code. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded.

Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading stressed and distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Loans: Clients may invest in loans (in cash and synthetic form). The value of the loans may be detrimentally affected to the extent a borrower defaults on its obligations. Furthermore, circumstances could arise (such as in the bankruptcy of a borrower) that could cause a Client's security interest in the loan's collateral to be invalidated. Also, much of the collateral will be subject to restrictions on transfer intended to satisfy securities regulations, which will limit the number of potential purchasers if the Clients intend to liquidate such collateral. The amount realizable with respect to a loan may be detrimentally affected if a guarantor, if any, fails to meet its obligations under a guarantee. Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

Clients may invest in corporate secured loans acquired through assignment or participations. In purchasing participations, Clients will usually have a contractual relationship only with the selling institution, and not the borrower. This means that Clients may not have the right to directly enforce the borrower's compliance with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. Clients may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, the Clients may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, Clients may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a jurisdiction other than a United States jurisdiction which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

High Yield Securities: Clients may invest in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such

securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower rated securities.

High Risk Investments: Clients may invest in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies which may result in significant returns to the Clients, but which involve a substantial degree of risk. Clients may lose its entire investment in a troubled company, may be required to accept cash or securities with a value less than the Clients' investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. In addition, troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

Clients may have significant investments in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or result in a distribution of cash or a new security, the value of which may be less than the purchase price of the security to Clients, or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, Clients may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Clients may invest, there is a potential risk of loss by Clients of their entire investment in such companies.

Event-Driven Investing: There are significant business risks associated with event-driven investing. Due to the inherently speculative nature of this activity, the results may fluctuate from period to period, and, as part of a Client's investment strategy, are not expected to correlate with the direction of the equity markets. Accordingly, the results of a particular period will not necessarily be indicative of results which may be expected in future periods.

CAM's investment strategy is highly speculative and is not intended as a complete investment program. It is designed only for sophisticated investors who can bear the economic risk of loss of their entire investment and who have a limited need for liquidity in their investment. CAM's investment strategy carries with it the inherent risks associated with investments in securities, as well as additional risks including, but not limited to, the use of short sales, leverage and investing in high yield and distressed securities. A detailed description of the applicable risk factors are set forth in each Fund's offering documents and the Partnership Agreement for the Managed Account. There can be no assurance that a Client will achieve its investment objective.

Side Letters

CAM, the general partner, and/or the Board of Directors of a Fund may enter, and has entered into, side letters or other similar agreements with certain investors in connection with their admission to the Fund without the approval of any other investor. Such side letters or other similar agreements may alter and/or supplement the terms of the Fund's governing documents in a manner that makes the terms applicable to such investors more favorable than those applicable to other investors.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither CAM nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Pooled Investment Vehicles

CAM organizes and sponsors the Funds, which are private investment companies. These pooled investment vehicles managed by CAM are controlled by an affiliated General Partner entity ("GP Entity"). CAM or the GP Entity will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities. While the GP Entity is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the GP Entity are subject to the supervision and control of CAM. Thus, the GP Entity, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the GP Entity.

Material Relationships or Arrangements with Industry Participants

Principals and employees of CAM may serve, from time to time, as directors or in a similar capacity with respect to companies the securities of which are purchased or held by the CAM ("Portfolio Companies"). In the event that CAM or its principals or employees (i) obtains material non-public information with respect to any Portfolio Company on whose board of directors he or she serves or (ii) is subject to trading restrictions pursuant to the internal trading policy of such Portfolio Company, CAM may be prohibited for a period of time from engaging in transactions in the securities of such Portfolio Company which prohibition may have an adverse effect of CAM. CAM maintains written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that CAM is meeting its obligations to clients and remains in compliance with applicable law. Principals and employees of CAM may also face conflicts of interest because such

individuals may receive compensation, including fees and options, for serving as a director, or have other financial interests in the company. Situations may arise in which there are conflicts in such an employee's duties to clients and other shareholders that are not clients.

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

CAM has developed and adopted a Code of Ethics that is applicable to all employees. CAM's Code of Ethics is predicated on the principle that CAM owes a fiduciary duty to its Clients. Among other things, the Code of Ethics requires employees to:

- Act as fiduciaries, putting the interests of clients ahead of the interests of the Firm and its employees, and fully disclosing all material conflicts of interest;
- Comply with all applicable laws and regulations;
- Periodically report personal securities transactions, and obtain pre-clearance before personally trading certain types of securities; and
- Promptly report any suspected violations of the Code of Ethics to the Chief Compliance Officer.

Employees are required to pre-clear all personal securities transactions with certain exceptions. Specifically, employees are not required to pre-clear transactions in certain types of securities that are exempt from the reporting requirements under SEC rules including treasury securities, certificates of deposits, commercial paper, money market securities and open-end mutual funds. Employees are also not required to pre-clear any transactions in accounts for which the employee does not maintain investment control or participate in making investment decisions. To mitigate any potential appearance of conflict, employees are prohibited from investing in the securities of companies that issue or currently have high yield debt. The CCO or his designee is responsible for reviewing the personal securities transaction reports submitted by employees.

A copy of CAM's Code of Ethics is available to current and prospective Clients and Fund investors upon request.

Item 12. Brokerage Practices

Best Execution

CAM's selection of a broker-dealer to execute Clients' transactions is based primarily upon the broker's ability to deliver best execution. Factors that the Firm may use in making this determination include the price per unit of the security, the broker's execution capabilities, commission rates or transaction costs, the value of advice and research reports, the broker's ability to deliver prompt, accurate confirmations and on-time delivery of securities, the broker's ability to maintain confidentiality of CAM's trading intentions, and any other relevant factors that impact

the price or execution of a trade. The commissions or transaction costs (including spreads) charged by any broker may be greater than the amount another firm might charge if CAM determines in good faith that the amount of such commission is reasonable in relation to the value of the brokerage services and research information provided by the broker.

Research and Soft Dollars

Although CAM does not maintain any formal soft dollar or commission sharing arrangements, the Firm does execute securities transactions with various counterparties many of whom provide CAM with access to proprietary research reports and other brokerage products and services (such as standard investment research, trading desk access, capital introduction events, etc.) which are used to assist with the management of all accounts at CAM. It is our general understanding that the investment research and other products and services that are made available to all institutional investors doing business with such trading counterparties is done so on an unsolicited basis and without regard to the rates of commissions or compensation charged or paid by CAM or the volume of business CAM directs to such counterparties. Since these products and services are merely made available by trading counterparties as part of a bundled business package to CAM, which may or may not use them, it is CAM's understanding that such trading counterparties do not set discrete prices for such products and services. Therefore, CAM does not believe it is "paying-up" for such proprietary research and services received by the firm from its various trading counterparties. Accordingly, CAM does not separately compensate such broker-dealers for the provision of such services since the broker-dealers do not break out the costs for such services.

Trade Aggregation and Allocation

CAM may aggregate securities and other transactions on behalf of a number of client accounts at the same time. In addition, CAM may execute securities transactions alongside or interspersed between aggregated orders when CAM believes that such execution will not interfere with its ability to execute in a manner believed to be most favorable to its Clients as a whole and over time. CAM will not enter into transactions in which it knowingly and deliberately favors itself or a single Client over another Client; however, CAM is given considerable discretion to trade for other accounts, and intends to do so to a significant extent.

When executing aggregate orders, trades will be allocated among accounts using procedures that CAM considers fair and equitable. This can include making the allocation based on such considerations as cash availability, diversification requirements, duration, investment objectives, Client contractual or regulatory investment guidelines and restrictions, existing or targeted account weightings in particular securities or sectors, lot size, account size, amount of existing holdings (or substitutes) of the security in the accounts, and investment time horizons. These factors provide substantial discretion to CAM in allocating investment opportunities. In addition, CAM also may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by CAM, a Client or by the issuer itself for operational reasons.

CAM's compliance personnel monitor the trade allocation process on a routine basis, including the review of periodic reports and other records, to ensure that trade allocations occur fairly and

equitably over time, even though a specific trade may have the appearance or the effect of benefiting one account as against another when viewed in isolation.

Given all of the foregoing factors, the amount, timing, structuring, or terms of an investment by a Client may differ from, and performance may be lower than, investments and performance of other Clients, including but not limited to those Clients which may provide greater fees or other compensation (including performance-based fees or allocations) to CAM.

Cross Transactions

As is consistent with CAM's duty to seek to obtain best execution, occasionally, CAM may cross trades between its Clients' accounts. A cross trade occurs when CAM purchases and sells a particular security, or other investment product, between two or more of its Clients by instructing a specified broker-dealer to cross the trade.

There is no requirement that all Clients participate in cross trading and while CAM shall use its judgment to determine when specific Clients will participate, CAM does not anticipate executing, or recommending the execution of, any cross trades for: (i) the RICs, (ii) any Client account subject to ERISA, or (iii) any Fund that is deemed a proprietary account (e.g., whereby CAM and/or any of its controlling persons maintain a beneficial interest in excess of 25% in such Fund).

CAM would typically utilize "cross" trades at the beginning or end of a month in order to rebalance its Clients' portfolios as a consequence of capital activity. If CAM engages in such cross transactions, CAM must ensure that all relevant Clients are treated fairly and equitably and in accordance with applicable regulatory requirements. Among other things, cross transactions are generally executed by independent broker-dealers who establish the pricing mechanism for such transactions. In addition, CAM does not receive any commissions or other compensation in connection with such cross transactions.

Trade and Clerical Errors

Trade and other clerical errors resulting in gains will be for the benefit of CAM's Clients and will not be retained by CAM. CAM will absorb the cost of any trade error if required to do so pursuant to the standard of care required by a specific Client or resulting from an Employee's failure to act in accordance with the standard of care applicable to the advisory relationship. In most cases, the standard of care will result in the Client bearing the cost of a trade error, except errors resulting from the Firm's willful misconduct, gross negligence, or material breach of its responsibilities, as such errors are considered by the Firm to be a cost of doing business.

CAM, subject to its fiduciary obligations, will determine whether or not any trade or other clerical error is required to be reimbursed in accordance with such liability and exculpation provisions. CAM, in its sole discretion, reserves the right to reimburse its Clients for any trade or other clerical error. CAM's reimbursement to its Clients for any particular error will not constitute a waiver of any policy to cause a Client to bear the losses from other trade or other clerical errors. CAM will endeavor to maintain a record of each trade error, including information about the trade and how such error was corrected.

Item 13. Review of Accounts

All Client accounts are reviewed by CAM's portfolio managers and other investment, operations and accounting personnel on a regular basis. Such reviews are performed to assure conformity with the objectives and guidelines of each Client and include, among others, cash and position reconciliations, sector exposures and the performance of each Client.

The Funds and Managed Account employ a fund administrator, which provides all investors with capital account statements on a monthly basis, and includes detailed account balances and return information. CAM also provides investors with a risk report on a monthly basis and distributes a commentary letter to all investors on a monthly basis. On an annual basis, investors are sent the annual audited financial statements prepared by Rothstein Kass and Schedule K-1 of the applicable Fund.

In addition, CAM may provide certain of its investors with more frequent disclosure or enhanced reporting not contained in the above mentioned reports and statements including, but not limited to, monthly conference calls and enhanced portfolio transparency.

Item 14. Client Referrals and Other Compensation

CAM has entered into agreements on behalf of its Clients with certain brokers-dealers that act as prime brokers for the Clients. From time to time, CAM's personnel may speak at conferences and programs for potential investors interested in investing in hedge funds which are sponsored by those prime brokers. These conferences and programs may be a means by which the Firm can be introduced to potential investors in Funds.

Neither CAM nor the Funds compensate prime brokers for organizing such "capital introduction" events or for any investments ultimately made by prospective investors attending such events. While such events and other services provided by a prime broker may influence CAM in deciding whether to use such prime broker in connection with brokerage, financing and other activities of the Clients, the Firm will not commit to allocate a particular amount of brokerage to a broker-dealer in any such situation.

Item 15. Custody

All Client assets are held in custody by unaffiliated broker-dealers; however CAM has access to certain Client accounts since an affiliate serves as the General Partner of the Funds and the Managed Account. Limited partners and shareholders of the Funds will not receive statements from any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to each limited partner within 120 days of each Fund's fiscal year end.

Item 16. Investment Discretion

CAM has discretionary authority to determine, without obtaining specific consent from its Clients or its investors, the securities and amount to be bought or sold. Any limitations on authority are included in each Client's relevant governing documents (e.g., Confidential Private Offering Memorandum, Partnership Agreement, Subadvisory Agreement, and Supplemental Agreement).

Item 17. Voting Client Securities

CAM has implemented written policies and procedures governing the voting of Client proxies. The policies and procedures were reasonably designed to ensure that CAM votes Client securities in the best interest of Clients, and sets forth how CAM addresses material conflicts of interest that may arise between the Firm and its Clients.

In addition, the Firm maintains a record of all proxy votes cast on behalf of Clients. If a material conflict of interest over proxy voting arises between CAM and a Client, CAM employees will notify the Chief Compliance Officer of the conflict. All conflicts of interest will be resolved in the Client's best interest. The Chief Compliance Officer may consult with members of senior management or outside counsel to determine the appropriate resolution.

CAM maintains a record of all proxy votes cast on behalf of its Clients. Investors may contact CAM for a copy of the policy or information with respect to a specific proxy vote.

Item 18. Financial Information

CAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.