

**Item 1: Cover Page****MC Asset Management Holdings, LLC**

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This brochure provides information about the qualifications and business practices of MC Asset Management Holdings, LLC (“**MC Asset**” or the “**Company**”) and its affiliates. If you have any questions about the contents of this brochure, please contact us at 203-487-6700 or email the Company’s Chief Compliance Officer, Mr. Venkat Rao at Venkat.Rao@mcasset.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or any state securities authorities.

MC Asset is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications provided to you, including this brochure, may be used to evaluate MC Asset and should be considered in your decision to hire us or to continue to maintain a mutually beneficial relationship.

Additional information about MC Asset is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

The following is a summary of the Material Changes that have been incorporated into this Brochure since it was previously filed on April 11, 2014:

In connection with the updating amendment of MC Asset's Form ADV, this Brochure has been updated and corrected generally to reflect the current status of its business, and the business of its relying advisor, Citation Advisors LLC, including the nature of client accounts, assets under management in such accounts and current policies and procedures in place at the Company to support the supervision of the operations and personnel of the Company and Citation Advisors LLC in carrying out advisory activities on behalf of the client accounts.

On or after July 1, 2014, one of the MC Asset Funds (as defined hereinafter) will begin to accept subscription proceeds from an employee benefit plan investor subject to Part 4 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), causing the ERISA plan assets to exceed 25% of that particular client's assets (excluding investments of investors affiliated with MC Asset). As a result, the MC Asset Funds will be required to operate and otherwise be structured in a manner such that the assets of the MC Asset Funds will be treated as "plan assets" for purposes of ERISA and the U.S. Internal Revenue Code. While Citation Advisors, together with MC Asset, has reviewed and enhanced compliance and operational procedures to ensure compliance with ERISA, we do not foresee any impact otherwise on the manner in which the investment management function will be carried out for the MC Asset Funds.

We will provide clients with a new Brochure at any time, without charge.

Currently, our Brochure may be requested by contacting Venkat Rao, the Company's CCO, at 203-326-6841.

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## Item 4: Advisory Business

The terms “MC Asset,” “the Company,” “we,” “us,” and “our” are used in this brochure to refer to MC Asset Management Holdings, LLC and its advisory subsidiaries. MC Asset also has ownership interests, including through joint venture relationships, in other advisors, including registered advisers, as summarized in more detail in Part 1 of our ADV. This brochure describes the business of MC Asset and its advisory subsidiaries or “relying advisors” and not the business of our affiliated advisors. MC Asset currently has one advisory subsidiary, Citation Advisors LLC, which is also a relying advisor of MC Asset.

MC Asset is a limited liability company organized under the laws of the State of Delaware in 2011 that is owned primarily by MC Asset Management Holdings, Inc., which is owned indirectly by Mitsubishi Corporation.

MC Asset provides discretionary investment advisory services to pooled investment vehicles and other private funds directly and through investment advisory subsidiaries under its supervision and control in respect of all discretionary services to clients. We tailor our discretionary advisory services to the specified investment mandates of our clients as set forth in each client’s private placement memorandum. At the current time, we utilize a diversified, long-short and relative value credit strategies. We employ such credit strategies through investments in a wide variety of eligible investments that include obligations of U.S. and non-U.S. companies, obligations of supranational organizations, obligations of sovereign governments or any of their agencies or instrumentalities, as well as short-term debt instruments, emerging market debt instruments, preferred stock, common stock, warrants, options, repurchase and reverse repurchase agreements, credit derivatives and selling short U.S. Treasury securities against bond positions. The objectives of the long-short relative value credit strategy and the long-only relative value credit strategy is to provide consistent, risk-adjusted returns through investments primarily in the global credit markets. We seek to achieve this objective through a blend of credit strategies we believe are capable of achieving maximum returns while maintaining a high degree of liquidity, minimizing volatility and managing exposure to interest rate and credit risks.

The terms “MC Asset Funds” and “our clients” are used in this brochure to refer to the collective investment vehicles and other private funds that we manage and advise.

In providing services to our clients, we sponsor and formulate our clients’ investment objectives and, through our advisory subsidiaries, manage the investment and reinvestment of our clients’ assets and provide reports to our clients’ limited partners or shareholders (the “**Investors**”). Investment advice will be provided directly to our clients and not individually to Investors. We will manage our clients’ assets in accordance with the terms of each client’s confidential offering and/or private placement memorandum, individual limited partnership or shareholder agreements and other fundamental governing documents relevant to the management of each client’s assets (the “**Governing Documents**”). All terms of investment will generally be established at the time of formation of a client fund, and will only be terminable upon the winding up and dissolution of a particular client fund, or upon the approval of Investors to a material change or amendment to such investment terms.

Shares or limited partnership interests in the MC Asset Funds will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the MC Asset Funds will not be registered under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Accordingly, interests, units or shares in the MC Asset Funds will be offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

As of the date of this Brochure, the Company has approximately \$190 million in discretionary assets under management. MC Asset does not have any non-discretionary assets under management.

## Item 5: Fees and Compensation

We generally receive compensation from our clients in the form of management fees (typically based on a percentage of net assets under management), performance-based fees and certain additional fees, as described below. The MC Asset Funds may have separate classes of shares or interests, which are subject to different management fee rates and performance-based fee (or allocation) rates. Details concerning such terms are set forth in each clients' Governing Documents.

### Management Fee

Each client for which discretionary advice is provided will pay to the advisory subsidiary an annual management fee (the “**Management Fee**”) that ranges between 0.50% and 1.0% per annum of the net asset value. The Management Fee may be payable in arrears or in advance, but will typically be charged quarterly. We reserve the right to waive or reduce management fees for certain Investors, including our employees and employees of the advisory subsidiary, a limited number of strategic partners, advisers and consultants, and others as may be determined at our sole discretion. With respect to any clients that charge fees in advance, any Management Fee attributable to an investor that redeems prior to the end of a billing quarter will either be partially refunded or pro-rated in advance for such partial period.

### Performance Fee

Each client will pay to the advisory subsidiary or an affiliate thereof a portion of its annual net investment profit based upon realized and unrealized gains during the performance period (the “**Performance Fee**”), that ranges from .10% to 20% per annum, subject to the recovery of prior losses or a “high water mark.” The manner of calculation of the Performance Fee is disclosed in each client's Governing Documents. As with Management Fees, we reserve the right to waive or reduce the Performance Fee for certain Investors, including our employees and employees of the advisory subsidiary, a limited number of strategic partners, advisers and consultants, and others as may be determined at the sole discretion of the advisory subsidiary.

### Other Fees

In addition to a Management and Performance Fee, each client pays a “Transparency and Risk Reporting Services Fee” to the advisory subsidiary, which covers the cost of specialized web-based Investor transparency reporting services, including: (1) a daily net asset value report, (2) daily performance reviews, (3) daily position reports (on a lag basis), and (4) daily portfolio risk analytics. The Transparency and Risk Reporting Services Fee ranges from 0.10% to 0.15% per annum and is charged monthly in arrears. The manner of calculation of the Transparency and Risk Reporting Services Fee is disclosed in each client's Governing Documents.

### Other Expenses

In addition to the fees described above, Investors will bear indirectly certain other expenses charged to the MC Asset Funds. Expenses will vary by client, but typically include interest expense, brokerage commissions, custodial fees, costs of borrowing securities to be sold short, administration expenses (including Investor and client accounting and reporting services), withholding and transfer taxes, bank charges, insurance costs, blue sky fees, initial and periodic legal, audit and other professional fees and expenses, SEC regulatory filing fees and other operating fees and expenses. A complete description of fees and expenses is outlined in each client's Governing Documents. Investors should review all fees charged by MC Asset and/or its advisory subsidiary and others to fully understand the total amount of fees to be paid by the MC Asset Funds.

### Side Letters

Without notice to other Investors, clients may enter into "side letter" agreements with certain prospective and existing Investors, including Investors affiliated with MC Asset. These side letter agreements may grant those Investors, among other things, greater portfolio management transparency, special liquidity rights (in the ordinary course or upon specific events), fee waivers or adjustments, waivers of gating provisions; future capacity for investment in such fund(s), different voting rights or restrictions, reduced minimum subscription amounts, additional rights to report and/or other information. As a result of such agreements, certain Investors may receive information and/or benefits not generally available to other Investors, including the right to redeem at a time when redemptions are otherwise not permitted by other Investors.

**Item 6: Performance-Based Fees and Side-by-Side Management**

We receive Performance Fees from our clients, as described in Item 5. We do not manage any discretionary client accounts that do not pay Performance Fees, although compensation rates and calculations may vary among clients. Performance Fees may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of the Performance Fees. In addition, the investment profit on which Performance Fees are calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized.



**Item 7: Types of Clients**

We provide investment management services to certain foreign and domestic private investment funds organized as limited partnerships, limited liability companies, trusts or other legal entities. Investment management services are provided directly to the private funds and not to the private funds' Investors. These private funds are not registered under Federal securities laws and typically utilize sophisticated investment strategies and proprietary investment research. We require all U.S. persons investing in our clients to be "accredited investors" (as defined in Regulation D of the Securities Act, as amended) and "qualified purchasers" (as defined in the Investment Company Act). We also require Investors to make representations indicating that they are acquiring their interests for their own account, that they have received access to all information that they deem relevant to evaluate the merits and risks of the prospective investment, and that they have the ability to bear the economic risk of an investment in a private fund. Details concerning applicable Investor suitability requirements are included in each client's Governing Documents and subscription materials, which are furnished in advance to all potential Investors.

We require that Investors meet certain minimum initial investment thresholds, depending on strategy. Directors, in the case of certain offshore funds, and the general partner or managing member, as applicable, in the case of an onshore fund, may accept subscription amounts below such minimum. The board of directors, general partner or managing member is generally free to accept or reject subscriptions for any or no reason without the obligation to disclose the underlying reason(s). A lower minimum initial investment amount may be accepted with respect to a client at the sole discretion of the advisory subsidiary in consultation with the directors, general partner or managing member of such private fund.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **I. Discretionary Account Management**

#### Methods of Analysis

The strategy deployed on behalf of the MC Asset Funds under discretionary management involves portfolio construction along the following framework:

- (1) long credit positions in a range of U.S. dollar-denominated issues, which may include obligations of U.S. and non-U.S. companies and supranational organizations, and obligations of sovereign governments or agencies/instrumentalities;
- (2) active trading of positions in U.S. dollar-denominated credit assets consisting primarily of cash bonds, based upon market technicals, primary market activity and other catalysts generally affecting the credit markets or specific issuers; and
- (3) credit derivatives that provide short-term credit exposure, as well as credit default swap curve trades, basis trading, credit index trades and relative value credit and capital structure arbitrage, designed to pursue potential attractive returns regardless of the general market environment and/or for hedging purposes.

The rationale behind specific trade selections is likely to include perceived value in light of fundamental credit valuations and market dynamics. With respect to its allocations within this framework, assets will periodically be allocated and reallocated objectively, fairly and equitably based on the advisory subsidiary's view of current market dynamics and risk management considerations relevant to each client portfolio. As an initial matter, the portfolio manager(s) will, in good faith, allocate investment opportunities across all clients after taking into consideration various factors, including available capital in each client portfolio at the time that the opportunity is identified, as well as the size, nature and type of opportunity.

Credit ratings will not be the sole method of evaluating creditworthiness, as such ratings represent only the opinions of the relevant rating agency as to credit quality and are not absolute standards. In addition, ratings agencies may fail to change credit ratings in a timely fashion to reflect events since a security was last rated. "Investment-grade" debt securities are those debt securities that are rated by one or more nationally recognized statistical rating organizations ("**NRSROs**") within one of the four highest long-term quality grades at the time of purchase (e.g., AAA, AA, A or BBB by Standard & Poor's Ratings Services or Fitch, Inc. or Aaa, Aa, A or Baa by Moody's Investors Service, or in the case of unrated securities, determined by the advisory affiliate to be of comparable quality. For purposes of any minimum or average rating requirements that are based upon an NRSRO's ratings categories, (1) if no sub-categories or gradations are specified the requirement is determined without regard to such sub-categories and gradations, (2) the rating assigned by any one NRSRO may be deemed sufficient, even if one or more other NRSROs may have assigned a lower rating, and (3) if a particular debt security is not rated by an NRSRO, the advisory affiliate's determination that the security has credit characteristics comparable to those of

a particular ratings category shall be sufficient to treat the security as if it had been rated as such by an NRSRO.

Each transaction and its impact on the overall portfolio will be assessed based upon an initial credit review, as well as ongoing monitoring of each asset in the portfolio. Credit analysis may be undertaken through the use of proprietary databases, proprietary models, company filings, external research, company management interviews or other tools in evaluating investment opportunities.

### Investment Strategies

The specific investment strategy and corresponding method of analysis for each client will be specified in the client's Governing Documents. Generally, the investment objective of the MC Asset Funds is to exploit inefficiencies in the fixed income markets with respect to credit and liquidity risk by focusing on optimal security selection, emphasizing credit sectors while minimizing interest rate risk, and seeking to construct and maintain portfolios with attractive risk/reward characteristics. The strategy may be pursued through investments in obligations of U.S. and non-U.S. companies, obligations of supranatural organizations, obligations of sovereign governments or any of their agencies or instrumentalities, as well as short-term debt instruments, emerging market debt, preferred stock, common stock, warrants, options, repurchase and reverse repurchase agreements and credit derivatives. The advisory subsidiary seeks to actively hedge interest rate exposure, maintain a high degree of liquidity and maintain low volatility.

### Associated Risks

All investing involves a risk of loss. An investment in any MC Asset Fund may be deemed a speculative investment and is not intended as a complete investment program. Each MC Asset Fund is designed for sophisticated Investors who fully understand and are capable of bearing the risk of an investment in such MC Asset Fund. No guarantee or representation is made that an MC Asset Fund will achieve its investment objective or that Investors will receive a return of their capital.

The summaries below provide an overview of different securities, instruments, strategies and risks related to the current investment portfolios of, and strategies deployed on behalf of the MC Asset Funds; however, such summaries are 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 client funds. Investors should refer to the Governing Documents of each MC Asset Fund for a more comprehensive discussion of the risks involved in an investment in each fund.

#### 1. Fixed-Income Securities

Fixed-income securities pay fixed, floating or variable rates of interest. The value of fixed-income securities will change in response to fluctuations in interest rates and may fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and

interest payments on its obligations and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

Fixed income securities of issuers that are rated below investment-grade by nationally recognized statistical rating organizations are considered to be speculative and involve major risk exposure to adverse conditions. Investing and trading in lower-rated securities can be highly speculative and involve greater risks of loss because such securities become more vulnerable and susceptible, during times of deteriorating economic conditions or rising interest rates, to non-payment of interest, non-payment of principal and an increased possibility of default.

## 2. Emerging Market Securities

Investments in emerging market securities generally may involve a greater degree of risk than investments in securities of issuers based in developed countries. Among other things, investments in emerging market securities may be subject to the following risks: less publicly available information, more volatile markets, less liquidity or available credit, political or economic instability, less strict securities market regulation, less favorable tax or legal provisions, price controls and other restrictive governmental actions, severe inflation; unstable currency, war, and expropriation of personal property.

## 3. Sovereign Debt

It is anticipated that the MC Asset Funds may invest in financial instruments issued by a government, its agencies, instrumentalities or its central bank (“**Sovereign Debt**”). Sovereign Debt may include securities that the advisor subsidiary believes are likely to be included in restructurings of the external debt obligations of the issuer in question. The ability of an issuer to make payments on Sovereign Debt, the market value of such debt and the inclusion of Sovereign Debt in future restructurings may be affected by a number of factors, including the issuer’s: (i) balance of trade and access to international financing; (ii) cost of servicing obligations, which may be affected by changes in international interest rates; and (iii) level of international currency reserves, which may affect the amount of foreign exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer’s ability to make timely payment of interest and principal, and issuers may default on their Sovereign Debt.

## 4. Preferred Securities

MC Asset Funds may invest from time to time in non-convertible preferred securities, which may have fixed or variable dividend or income rates. Preferred securities generally have a preference as to dividends and liquidation over an issuer’s common stock, but such securities rank junior to debt securities in an issuer’s capital structure. Unlike interest payments on debt securities, dividends generated from preferred securities are payable only if declared by an issuer’s board of directors. Preferred securities may be subject to optional or mandatory redemption provisions. The ability of preferred securities to generate income is dependent on the earnings and continuing declaration of dividends by the issuers of preferred securities.

An issuer's preferred securities will usually have a lower credit rating than the firm's senior unsecured bonds and are often compared to sub-investment grade or high-yield bonds, given the higher income opportunities. High-yield bonds by definition carry speculative-grade ratings and credit risk. Preferred securities usually have long maturities or even no maturity date at all, meaning that they can remain outstanding in perpetuity. Although preferred securities are generally "callable" at the option of the issuer and thus can be retired prior to maturity, they should be viewed as a long-term investment with greater sensitivity to interest-rate movements. If rates rise, the price of a preferred security may fall more dramatically than prices for short-term bonds. Certain preferred securities may be less liquid than other securities issued by the same firm.

#### 5. Repurchase and Reverse Repurchase Agreements

The use of repurchase and reverse repurchase agreements involves certain risks. For example, if the seller of securities under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, we will seek to dispose of such securities, which action could involve costs or delays, and may suffer a loss to the extent that it is forced to liquidate its position in the market and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, our ability to dispose of the underlying securities may be restricted, and it is possible that we will be unable to substantiate its interest in the underlying securities. Similar elements of risk arise under repurchase agreements (as to which we are a seller) in the event of a default by, or a bankruptcy or insolvency with respect to, the buyer.

#### 6. High Yield Securities

Certain MC Asset Funds may invest in high yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, we may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities that react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

#### 7. Participation Interests

Certain MC Asset Funds may purchase participation interests in debt instruments which do not entitle the holder thereof to direct rights against the obligor. Participations held by such a fund in a seller's portion of a debt instrument typically result in a contractual relationship only with such seller, not with the obligor. We have the right to receive payments of principal, interest and any fees to which it is

entitled only from the seller and only upon receipt by such seller of such payments from the obligor. In connection with purchasing participations, we generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement nor any rights of set-off against the obligor and we may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, we will assume the credit risk of both the obligor and the seller selling the participation. In the event of the insolvency of such seller, we may be treated as a general creditor of such seller, and may not benefit from any set-off between such seller and the obligor. Recent, well-publicized weaknesses in certain financial institutions may be indicative of increased counter-party risk with respect to, among other things, participation interests. Additionally, the transparency of financial statements used by such financial institutions, in particular, with respect to the value of complex financial assets, has been called into question. When we hold a participation in a debt instrument it may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if we do not vote as requested by the seller, it may be subject to repurchase of the participation at par. Sellers voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the MC Asset Fund, and such selling institutions may not consider the interests of the MC Asset Fund in connection with their votes.

#### 8. Derivative Instruments and Generally Related Regulatory Risks

Our clients may engage in the trading of interest rate swaps, credit default swaps and other derivative instruments. Swaps may have embedded leverage, which can result in substantially greater gains or losses than less leveraged products. Moreover, liquidity risks exist when a particular derivative instrument is difficult to purchase or sell. Investments in swaps and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, legal risk and operations risk. In addition, investments in derivative instruments will be subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses.

The regulatory and tax environment for derivative instruments is evolving, and any changes in the regulation or taxation of such instruments may have a material adverse effect in the ability to engage in derivatives or hedging transaction.

#### 9. Credit Default Swaps

Credit default swaps are subject to liquidity risk and credit risk, and may involve leverage risk. If an MC Asset Fund is a buyer and no credit event occurs, the fund would not recover on its premiums paid to the seller. However, if a credit event occurs, the MC Asset Fund could face the risk of non-performance by the seller.

#### 10. Credit Risk

Credit risk is significant for high-yield bond investments, as bond issuers may not be able to pay their interest and principal obligations in a timely manner. Even if there is no actual default, it is probable that a bond will decline in price if its credit quality declines and its bond rating is downgraded to a lower category. We attempt to reduce portfolio credit risk by diversifying holdings and doing careful credit research.

### 11. Liquidity Risk

Our clients may invest in instruments where there is likely to be no actively traded market. Moreover, many of our clients' investments may be owned by relatively few other investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, it may be more difficult to sell such instruments when we believe it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments, or adversely affect the terms obtainable upon a disposition.

### 12. Interest Rate Risk

Rising interest rates could cause bond prices to fall. Longer maturity bonds will typically decline more than those with shorter maturities. If our clients hold longer maturity bonds and interest rates rise unexpectedly, their price could decline significantly. Falling interest rates will cause a client's portfolio income to decline, as maturing bonds are reinvested at lower yields. A client should expect its monthly income to fluctuate with changes in its portfolio and changes in the level of interest rates.

### 13. Foreign Investment Risk

To the extent our clients hold foreign bonds, such bonds will be subject to additional risks irrespective of the denomination thereof (including if denominated in U.S. Dollars). These risks may include greater volatility, less liquidity than similar U.S. bonds, and adverse developments resulting from political, international, or military crises and currency exchange risks.

### 14. Valuation Risk

Our clients may invest in securities that are not publicly-traded or where adequate pricing sources are not readily available. In these cases, the securities must be fair valued by us. When estimating fair value, we will apply a methodology based on our best judgment that is appropriate in light of the nature, facts, and circumstance of the investments in accordance with established valuation policies and procedures. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus.

### 15. Operational and Execution Risks

Systemic or other failures in the financial, accounting and other data processing systems, as well as in the corresponding systems employed by counterparties, exchanges, similar clearance and settlement facilities and other third parties, could result in operational difficulties, such as mistakes in the confirmation or settlement of transactions, some slippage, errors and miscommunications with brokers and counterparties, or transactions not being properly booked, evaluated or accounted for, which in turn may cause the MC Asset Funds to suffer financial loss,

the disruption of its investment program, liability to clients or third parties, regulatory intervention or reputational damage.

#### 16. Market Conditions

Various sectors of the global financial markets have been experiencing an extended period of adverse conditions. In recent years, market uncertainty in the United States and Europe has increased dramatically, and adverse market conditions have been experienced across global markets. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed-income and other financial assets, and these circumstances may continue or even deteriorate further.

#### 17. Investment and Trading Risks

An investment in the MC Asset Funds involves the risk that the entire amount invested may be lost. The MC Asset Funds may invest in and actively trade securities and other financial instruments using investment techniques with risk characteristics, including risks of the bond, convertible securities and equity markets, the risks of borrowings and short sales, the potential illiquidity of securities and other financial instruments and the risk of loss from counterparty defaults. Some of these investment techniques, such as margin transactions, short sales, leverage and derivatives trading, may create or increase volatility and increase the adverse impact to which the MC Asset Funds' investment portfolios may be subject. There can be no assurance that the MC Asset Funds' investment program will be successful or that its investment objective will be achieved. Entering into transactions for the purposes of hedging portfolio risks will generally involve an expense to the MC Asset Funds, and such expenses could negatively impact performance if hedging transactions are extensively used. Furthermore, any such hedges may be imprecise and (due to discrepancies between markets, timing of trades, or other factors) may not correlate precisely with the investments hedged.

#### 18. ERISA and Related Matters

It is expected that the assets of the MC Asset Funds will be deemed to include "plan assets" for purposes of ERISA. This means that Citation Advisors LLC and any other person exercising discretionary authority or rendering investment advice for a fee with respect to the assets of the MC Asset Funds will be subject to ERISA's fiduciary responsibility provisions and that transactions involving the assets of the MC Asset Funds and "parties in interest" or "disqualified persons" are prohibited absent an exemption. One administrative exemption permits a "qualified professional asset manager" to negotiate certain transactions on behalf of a benefit plan investor, which otherwise would be prohibited. Citation Advisors LLC qualifies as and will endeavor to continue to qualify as a qualified professional asset manager during any period in which the assets of the MC Asset Funds are deemed to constitute "plan assets." This exemption, however, will not exempt certain transactions involving the assets of the MC Asset Funds and a counterparty to the MC Asset Funds having certain relationships to Citation Advisors LLC. The exemption will also not relieve Citation Advisors LLC's ERISA fiduciary responsibilities with respect to the assets of MC Asset Funds. In addition, certain entities with respect to which the MC Asset Funds may desire to enter into transactions may decline to do so by reason of the MC Asset Funds being deemed to include the ERISA plan assets.



As a result of the application of ERISA's fiduciary and prohibited transaction rules to the MC Asset Funds, they will be subject to significant investment limitations and restrictions that would not otherwise apply. For example, the MC Asset Funds could be prohibited, or otherwise restricted, from purchasing or holding certain securities, notwithstanding the fact that such securities might otherwise constitute appropriate investment opportunities for the MC Asset Funds.

**Item 9: Disciplinary Information**

MC Asset and its management persons have not been involved in any legal or disciplinary events in the past ten years that would be material to a client's evaluation of the Company's advisory business or the integrity of MC Asset or its management persons.

## Item 10: Other Financial Industry Activities and Affiliations

Our sponsored clients, which are private funds established as pooled investment vehicles and single-investor vehicles, are managed through an advisory subsidiary and are controlled by a special purpose general partner vehicle (“**GP SPV**”) in the case of onshore private funds, and, in the case of offshore private funds, by a board of directors or a trustee. While the GP SPV is not separately registered as investment advisers with the SEC, as a special purpose vehicle of MC Asset and/or an advisory subsidiary, all of its activities are subject to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) and the rules thereunder, and such GP SPV is subject to examination by the SEC. In addition, employees and persons acting on behalf of the GP SPV are subject to our supervision and control and are therefore “persons associated with” us (as defined in Section 202(a)(17) of the Advisers Act. In addition, our advisory subsidiaries are currently and will be “relying adviser” of MC Asset. As such each such advisory subsidiary is or will be subject to MC Asset’s supervision and control, including through MC Asset’s Code of Ethics and compliance policies and procedures, and is or will be subject to regulation and inspection under the Advisers Act.

MC Asset has an affiliated broker-dealer, MCAMA, which is a FINRA-member and registered with the SEC. MC Asset will not affect securities transactions through its affiliated broker-dealer or any of its affiliates with or for the clients of MC Asset.

Fort Hill Investment Advisors, L.P. (“**FHIA**”) is an affiliated SEC registered investment advisor located within the same offices as MC Asset and is indicated on MC Asset’s Form ADV Part I as being controlled by MC Asset due to its 50% equity interest in FHIA. FHIA principally acts as investment advisor to close-end private investment funds (the “**FHIA Funds**”) that are managed on a side-by side basis. The FHIA Funds have each reached the end of their respective investment periods and will be liquidated in a manner consistent with prevailing market conditions and opportunities over a period of time not exceeding their respective harvest or run-off periods as set forth in each FHIA Funds’ relevant governing documentation. In addition, the general partner of the FHIA Funds, Fort Hill Investment Partners, LLC, and the general partner of FHIA, Fort Hill Investment Holding, LLC, are each listed as controlled affiliates of MC Asset, as MC Asset holds at least 50% interest in each of these entities.

Our affiliated investment advisers include, a number of advisory entities that are subsidiaries of Mitsubishi Corporation, our ultimate parent company and, accordingly, under common control with us. We share certain supervised personnel through overlapping directorships with those advisory affiliates under common control with us.

Since we have multiple clients and intend to sponsor private funds pursuing multiple investment strategies, our personnel do not devote their attention exclusively to any single client.

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

We have adopted a code of ethics (the “**Code**”) that imposes on each of our supervised persons a duty to place the interests of clients first. The Code requires officers, managers, owners, and employees to, among other things, report to us any actual or potential conflict of interest relating to any assets of clients managed by us or through our advisory subsidiary.

The Code requires each of our officers, managers, owners, and employees with access to client’s investments or portfolio information (each an “**Access Person**”) to disclose all securities trading accounts and to report and/or confirm quarterly and annually their and their immediate family members’ securities holdings and transactions to our Chief Compliance Officer. Each Access Person must pre-clear with our Chief Compliance Officer, or designee, any trades they intend to make in any security, an initial public offering or private placement.

The Code also imposes restrictions and safeguards on the use of material, non-public information. All clients and prospective clients may obtain a copy of our Code by contacting Venkat Rao, Chief Compliance Officer at (203) 326-6841 or by email at [Venkat.Rao@mcasset.com](mailto:Venkat.Rao@mcasset.com).

MC Asset, its advisory subsidiaries and their respective employees, or a related entity may participate in a client’s investment program by subscribing for interests or shares in such client or on a side-by-side basis in a separate private fund. Therefore, MC Asset, its advisory subsidiaries, their respective employees or a related entity may participate in transactions effected for clients on substantially the same basis as Investors, subject, however, to the specific terms of investment (which may be more favorable) granted to such parties through a particular class of shares or interests in the client or the terms of any client managed on a side-by-side basis with other MC Asset Funds. The foregoing relationships and any other actual or potential conflicts of interest arising therefrom are disclosed in each client’s Governing Documents.

Neither MC Asset, its relying adviser, nor its affiliated advisors will purchase securities for their own accounts that are also purchased by MC Asset clients. However, affiliated advisors may purchase securities or sell securities on behalf of their clients that are also purchased by MC Asset clients. Such affiliates' clients may take different positions in respect of the same securities. They may also hold securities for longer or shorter periods of time than MC Asset clients hold the same securities. Generally, this results from the investment objective of our affiliates being different from that of our clients. Lastly, we may employ investment strategies for client accounts that differ from the investment strategies employed for these affiliate’s accounts.

## Item 12: Brokerage Practices

We have no obligation to deal with any particular broker-dealer in the execution of transactions in portfolio securities. However, we do not use broker-dealer affiliates to execute transactions in portfolio securities for our clients.

In selecting broker-dealers with whom to place orders for purchases and sales of securities on behalf of our clients, our primary objective is to obtain best price and execution for our clients – that is, prompt, errorless execution of orders at the most favorable relative price reasonably obtainable. In doing so, we consider a number of factors, including, without limitation:

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

Through our advisory subsidiaries, we will generally have full discretionary authority to determine, with respect to client accounts and without obtaining specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, the broker-dealer to be used in effecting the transactions, and the commission rates payable. In doing so, we will attempt to obtain the best execution available, as discussed above, but there is no guarantee that this can be obtained for each and every transaction. We will take multiple factors into account when evaluating the execution performance of broker-dealers executing client transactions. We will consider the quality of firms with which to execute client orders, the adequacy of lines of communication, the timeliness of reports of order execution, the capacity to accommodate unusual trading volumes, and the preservation of client anonymity, among other factors. Because of these considerations, a client may pay a higher commission and other transaction costs than would be the case if another broker-dealer were selected.

MC Asset does not have any soft dollar arrangements with broker-dealers.

Securities transactions in investment advisory accounts are normally implemented on a consistent basis across accounts when consistent with the specific investment strategies of the accounts, subject to available cash or leverage capacity in each account. In order to accomplish this, orders are aggregated (bunched) and allocated pro-rata to the nearest round lot. In addition to considerations of equity, bunching avoids placing competing positive orders, improves order

management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders.

We utilize prime brokers for engaging in investment and investment-related transactions on behalf of our clients, including execution, settlement and clearance related to such transactions and other financial products transactions, including borrowings related thereto, custody of securities and other financial assets, borrowings of securities on behalf of a client and extension of credit by a prime broker to a certain client. We may retain multiple prime brokers for a client.

**Item 13: Review of Accounts**

All investments are carefully reviewed and approved by portfolio management personnel employed by our advisory subsidiary. Portfolio investments are reviewed on a continuous basis and the portfolio managers and other investment and risk personnel meet regularly to discuss investment ideas, economic developments, industry outlook, investment performance, and other issues related to current portfolio holdings and potential investment opportunities.

A Risk Monitoring and Management Committee at MC Asset will provide additional oversight of the advisory subsidiary's strategy. There will be frequent and ongoing daily reviews of transactions as well as a suite of oversight reports that evaluate and measure the risk profile of the portfolio of a client on an aggregate and individual position level. These risk assessments and oversight reports will be distributed to and discussed with the portfolio managers as well as senior officers of MC Asset. There will also be regular, periodic meetings of the Risk Management Committee at MC Asset, whose members include the Head of Operations and Risk Reporting, the Chief Compliance Officer, the Head of Research and other key senior managers of MC Asset. The Risk Management Committee is responsible for reviewing the critical exposures for the MC Asset Funds managed by the advisory affiliate.

We provide each Investor with the following reports in accordance with the terms of the applicable Governing Fund Documents: (1) annual audited financial statements; (2) monthly investor letters, and (3) annual tax information necessary to complete any applicable tax returns. Investors also have access to a specialized, web-based transparency reporting services, including: (i) a daily net asset value report; (ii) daily performance reviews; (iii) daily position reports (on a lag basis); and (iv) daily portfolio risk analytics.

**Item 14: Client Referrals and Other Compensation**

No one who is not a client provides an economic benefit to MC Asset for providing investment advice or other advisory services to clients.

MC Asset does not directly or indirectly compensate any third parties for client referrals, as its client base comprises private funds. However, our advisory subsidiary does utilize the services of placement agents in connection with marketing interests in the MC Asset Funds, including MC Asset Management Europe Ltd. in Europe; MCAMA in the U.S; and Mitsubishi Corporation Asset Management Ltd. in Japan, each of which are affiliates of MC Asset.



**Item 15: Custody**

All client assets are held in custody by unaffiliated, qualified custodian broker-dealers or banks; however MC Asset has access to client accounts through its ownership and control of advisory subsidiaries serving in the role of investment manager, as well as through the GP SPV, in its capacity of general partner to the onshore funds. Investors do not receive statements directly from the custodians. Instead the client funds are subject to an annual audit by independent public accountants and audited financial statements are distributed to each Investor. Audited financial statements are prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of each client's fiscal year end.

**Item 16: Investment Discretion**

In accordance with the terms and conditions of the Governing Documents of our client accounts managed on a discretionary basis, and subject to the direction and control of the relevant GP Entity, Board of Directors or Trustee, as applicable, of such client fund, MC Asset, through its advisory subsidiaries, generally has full discretionary authority to determine, without obtaining specific consent from the clients or their Investors, the securities and the amounts to be bought or sold on behalf of the clients, and to perform the day-to-day investment operations of the clients.

**Item 17: Voting Client Securities**

As part of our ongoing monitoring of portfolio investments, MC Asset's personnel monitor proxies that may require a vote, consent, or election in respect of an issuer whose securities are held in a client portfolio. We typically do not expect to receive proxies in the ordinary course for fixed income securities. In the event a proxy is received by a client, however, the appropriate investment team shall determine the manner in which the proxy shall be voted. All proxies shall be voted in accordance with the Company's established Proxy Voting Policies and Procedures.

If a material conflict exists with respect to a proxy vote, the investment team will convene a meeting with the Chief Compliance Officer to discuss the nature of the conflict and attempt to form a solution that furthers the best interests of the affected client(s). Alternatively, MC Asset, on behalf of its advisory subsidiaries, may, at its expense, engage the services of an outside proxy voting service or consultant who will provide an independent recommendation. In such instances the independent determination will be binding on MC Asset and the relevant advisory subsidiary.

Investors may obtain a copy of our Proxy Voting Policies and Procedures as well as a record of our proxy votes by calling Venkat Rao, Chief Compliance Officer at (203) 326-6841 or by writing to us at the address listed on the cover page of this brochure.

### **Item 18: Financial Information**

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