

MOUNTAINEER PARTNERS MANAGEMENT, LLC

March 2014

This brochure provides information about the qualifications and business practices of Mountaineer Partners Management, LLC (the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of the brochure, please contact us at 646-459-7060. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Mountaineer Partners Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

Other than routine changes made in connection with the annual update of the Firm Brochure, there have been no material changes to the Firm Brochure since the last Firm Brochure.

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Item 4 – Advisory Business

The Adviser is an investment adviser with its principal place of business in New York, New York. The Adviser commenced operations in February 2011. Mark Lee is the Managing Member and principal owner of the Adviser.

The Adviser provides discretionary investment advisory services to U.S. and non-U.S. private investment funds intended for sophisticated investors and institutional investors (collectively, the "Funds"). The Adviser also provides discretionary investment advisory services as a sub-adviser to a portion of assets owned by an investment company registered under the Investment Company Act of 1940, as amended (the "Managed Account" and together with the Funds, the "Clients"). The Adviser provides advice to its Clients based on specific investment objectives and strategies contained in the applicable offering memoranda or investment management agreements; the Adviser does not provide advice to the Clients' underlying investors (the "Underlying Investors").

The Adviser does not currently participate in wrap-fee programs.

As of February 28, 2014, the Adviser managed \$77,438,571 in regulatory assets on a discretionary basis.

Item 5 – Fees and Compensation

Funds

With respect to the Funds advised by the Adviser, the Adviser is paid a management fee calculated at an annual rate of 1.5%. Management fees are paid on a quarterly basis, in advance, and are calculated based on the net asset value of the Funds. In general, the management fee is deducted quarterly directly from a Fund's assets.

Mountaineer Partners GP, LLC, an affiliate of the Adviser, may be paid annual performance-based compensation, which is compensation that is based on a share of capital appreciation of the assets of the Funds. This performance-based compensation is equal to 20% of the capital appreciation of each Fund, subject to a "loss carryforward", as described in the Funds' offering memoranda.

In certain circumstances, the asset-based management fee and/or the performance-based compensation may be waived or reduced for an Underlying Investor.

Managed Account

With respect to the Managed Account, the Adviser is paid a monthly management fee, calculated at an annual rate of 1.0%. The management fee is calculated on the average daily net assets of the Managed Account. Performance-based compensation is not earned on the Managed Account.

Generally

In addition to paying investment management fees and, if applicable, performance-based compensation or other compensation, Client accounts are also subject to other expenses including (if applicable): legal, audit and accounting expenses (including third-party accounting services); administrator fees and expenses; directors' fees and expenses (if any); organizational expenses; investment expenses such as commissions, research fees (including research-related travel), brokerage and custodial fees and other costs related to the purchase, sale or transmittal of Client assets. Applicable fees and expenses are disclosed in each Client's investment advisory agreement and/or offering memorandum, as applicable.

Client assets may be invested in money market mutual funds, ETFs or other registered investment companies. In these cases, a Client will bear its pro rata share of the investment management fee and other fees of the mutual fund, ETF or other registered investment company, as applicable, which are in addition to the fees and expenses discussed above.

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

The Adviser and its investment personnel may provide investment management services to multiple portfolios for multiple Clients. As more fully described in the section entitled "Fees and Compensation," the Adviser or its affiliates may be entitled to performance-based compensation. The Adviser and its investment personnel, including investment personnel whose compensation is indirectly affected by the Adviser's performance-based compensation as mentioned above, may manage Client accounts that are charged both performance-based compensation and asset-based compensation and accounts that are solely charged asset-based compensation. In addition, certain Client accounts may have higher asset-based compensation or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one Client account, a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel have a greater incentive to favor Client accounts that pay the Adviser (and indirectly its employees and principals) performance-based compensation or higher fees. The Adviser seeks to manage this conflict through policies and procedures described below.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's allocation procedures specify the factors that are taken into account in making allocation decisions. The Adviser has also adopted the aggregation

procedures as discussed in Item 12 of this Firm Brochure. These areas are monitored by the Adviser's Chief Compliance Officer.

Item 7 – Types of Clients

The Adviser currently furnishes investment services to the Funds, which are private investment funds intended for sophisticated investors and institutional investors. The Adviser also provides discretionary investment advisory services as a sub-adviser to a portion of assets owned by an investment company registered under the Investment Company Act of 1940, as amended.

Please see Item 4 of this Firm Brochure for further information regarding the Adviser's current Clients. The initial and additional subscription minimums for the Funds' Underlying Investors are disclosed in the offering memorandum for each Fund.

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

Methods of Analysis and Investment Strategies

The Adviser applies research driven, rigorous fundamental analysis that focuses on the fundamental value of a financial instrument. For long investments, the Adviser will identify where valuations are conservative, fundamentals are improving, or there is a catalyst to creating value. Analysis will focus on cash generation, asset value, and other measures of value. For short investments, the Adviser will focus on situations where company and industry fundamentals are deteriorating, valuations exceed the Adviser's view of intrinsic value, or catalysts exist to reduce value. Additionally, the Adviser will evaluate the overall investment climate. The level of net exposure at any given time is a function of both the Adviser's ability to identify attractive investments and the Adviser's assessment of the investing climate. In addition to the fundamental shorts described above, the Adviser will opportunistically utilize general portfolio hedges.

The investment strategy used involves material risk factors and may be deemed to be a highly speculative investment. It is designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment and who have a limited need for liquidity in their investment. The following are risk factors associated with the investment strategy:

Material Risks

Nature of Investments. The Adviser has broad discretion in making investments. Investments generally consist of equity securities, equity-related instruments, debt securities, derivatives and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the

results and the value of investments. In addition, the value of a Client's account may fluctuate as the general level of interest rates fluctuates.

Leverage. Employing leverage in a Client's account is a more aggressive, higher risk approach to pursuing investment objectives. The risks associated with investing, as well as costs, may be increased when employing margin strategies, and depending upon the return achieved, may make the investment objectives more difficult to realize. A Client may lose more than its original investment. Likewise, a positive or negative performance, net of interest charges and fees, is magnified. Gains or losses are greater than would be the case in accounts that do not employ margin strategies. The Client may not benefit from employing margin strategies if the performance of its account does not exceed interest expenses on the loan plus fees incurred as a result of depositing the proceeds of the loan.

Equity-Related Instruments in General. The Adviser may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Fixed-Income and Debt Instruments. Investments in fixed-income and debt securities such as bonds, notes, asset-backed securities and bank debt, subject a Client's portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly, investments in debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Short Sales. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the

premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Small to Medium Capitalization Companies. A portion assets may be invested in the stocks of companies with small- to medium-sized market capitalizations. While the Adviser believes these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. Furthermore, investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

Convergence Risk. The Adviser may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, a loss may be incurred.

Special Situations. Special situation investments include companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the investment may be sold at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies, there is a potential risk of loss of the entire investment in such companies.

Distressed Investments. Distressed investments involve a substantial degree of risk. Distressed company investments may not show any returns for a considerable period of time. Distressed 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.

Lack of Diversification. A portfolio may not be as diversified as other investment vehicles. Accordingly, the portfolio may be subject to more rapid change in value than would be the case if the Adviser were required to maintain a wide diversification.

Derivatives. Swaps, derivatives, synthetic instruments, repurchase agreements and other over-the-counter transactions or, in certain circumstances, non-U.S. securities, may involve substantial credit risk. Additionally, the risks involved with certain derivatives may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries.

Interest Rate Risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

Lack of Liquidity of Investments. Assets may, at any given time, include securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments.

Item 9 – Disciplinary Information

This Item is not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

This Item is not applicable.

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Adviser’s Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective Clients may obtain a copy of the Code by contacting Marc Simon (Chief Compliance Officer) by email at msimon@mountaineerpartners.com or by telephone at 646-459-7063. The Adviser, in the course of its investment management and other activities (e.g., board or creditor

committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces 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 the Adviser is meeting its obligations to Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client's benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client's benefit, as a result of following the Adviser's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, the Adviser or its related persons may invest in some of the same private securities or ETFs that the Adviser or a related person recommends to Clients (by obtaining pre-approval from the Chief Compliance Officer). Such practices present a conflict where, because of the information an Adviser has, the Adviser or its related person are in a position to trade in a manner that could adversely affect Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its related person's objectivity, these practices by the Adviser or its related persons may also harm Clients by adversely affecting the price at which the Clients' trades are executed. The Adviser has adopted the Code, described above, which contains policies and procedures designed to minimize any actual or potential conflicts, including pre-clearance of any transactions in reportable securities.

Item 12 – Brokerage Practices

The Adviser seeks to obtain best execution in making decisions regarding brokerage allocations, taking into account factors such as: the ability of the broker-dealer to effect prompt and reliable executions at favorable prices (including any applicable broker commission); the operational efficiency with which transactions are effected, taking into account the size of the order and the difficulty of execution; the access of the broker-dealer to liquidity and investment opportunities; the financial strength, integrity, and stability of the broker-dealer; the quality, comprehensiveness, and frequency of available research services that are considered of value; and the competitiveness of commission rates in comparison with other broker-dealers that satisfy our other selection criteria. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only"

commission rates, thus it may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Soft Dollars

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an Adviser to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Adviser will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an Adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the Securities and Exchange Commission or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

When appropriate, the Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Adviser does not permit investors to direct brokerage.

The chief financial officer investigates and resolves any trade error involving our employees as soon as practicable, taking into account the facts surrounding the transaction, including the liquidity of the security involved. If an error results in a loss to a Client, the Client will be reimbursed. If the error results in a gain, the Client will retain the gain.

Item 13 – Review of Accounts

Each Client account is reviewed by the Portfolio Manager and Chief Compliance Officer on a daily basis to determine whether certain investment positions should be maintained in view of current market conditions. Matters reviewed include specific investments held, adherence to investment guidelines and the performance of each Client account. Furthermore, investment

personnel review domestic and international events on a daily basis to evaluate how the events may impact the Client portfolios.

Each Client and/ or Underlying Investor, as applicable, is furnished with a monthly account statement by their third-party administrator. Additionally, each Fund Underlying Investor receives a Form K-1 tax statement, as required and an annual audited financial statement prepared in accordance with accounting principles generally accepted in the United States.

Item 14 – Client Referrals and Other Compensation

The Adviser receives certain research or other products or services from broker-dealers through “soft-dollar” arrangements. These “soft-dollar” arrangements create an incentive for the Adviser to select or recommend broker-dealers based on the Adviser’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by the Adviser on behalf of its Clients. Please see Item 12 for further information on the Adviser’s “soft-dollar” practices, including the Adviser’s procedures for addressing conflicts of interest that arise from such practices.

The Adviser makes cash payments to third-party solicitors for client referrals, when applicable, whereby the third-party solicitor receives compensation attributable to the client solicited and referred by the third-party solicitor, provided that, to the extent required, each such solicitor has entered into a written agreement with the Adviser.

Item 15 – Custody

This Item is not applicable.

Item 16 – Investment Discretion

Services are provided to each Client in accordance with the applicable investment advisory or management agreements with such Client and, with respect to the Funds, in accordance with the governing documents of the applicable Fund. Investment advice is provided directly to the Clients, and not individually to the Underlying Investors. Client investment restrictions, if any, are generally established in the governing documents or advisory or management agreement of the applicable Client.

Item 17 – Voting Client Securities

In accordance with section 206(4)-6 of the Advisers Act, written policies and procedures governing proxy voting have been implemented. The policy requires proxies to be voted in the best interest of the Clients. The Adviser is permitted to abstain from proxy votes when voting would be costly or impractical or when we otherwise deem voting unnecessary or unwarranted in our commercially reasonable discretion.

The Adviser is responsible for voting proxies and does not accept direction from Underlying Investors. The chief financial officer maintains (1) a record of each abstention or vote cast, (2) as reasonably available, any documentation or explanation that supports the rationale for each abstention or vote cast, and (3) a record of each request by a current or prospective investor for proxy-voting records and our response. We use reasonable efforts to prepare documentation supporting the rationale for our votes. When Funds are organized in a master-feeder structure, proxy voting typically occurs at the master-fund level.

The chief compliance officer is notified of, and maintains a log of, any conflict of interest that arises in proxy voting. Possible conflicts of interest include situations in which a third party attempts to influence our vote on a material issue. In consultation with the chief compliance officer, the portfolio manager approves the voting of all proxies that raise conflicts of interest.

Current and prospective investors may contact us by telephone at the number on the cover page of this brochure to obtain a copy of our proxy-voting policy and information with respect to how we have voted securities.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted on a Client's proxies by contacting Marc Simon, Chief Compliance Officer, at msimon@mountaineerpartners.com or 646-459-7063.

Item 18 – Financial Information

This Item is not applicable.