



Form ADV Part 2A: Firm Brochure

A&M Capital Advisors, LLC

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Principal Office

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This brochure provides information about the qualifications and business practices of A&M Capital Advisors, LLC (“A&M Capital”). Throughout this brochure the words “we”, “us” and “our” refer to A&M Capital. For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Michael R. Bardorf at 203-742-5889 or email mbardorf@a-mcapital.com. Additional information about us is also available on the SEC’s website at: www.adviserinfo.sec.gov.

We are registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). 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

We filed our initial application to register as an investment adviser with the SEC in February of 2013. Accordingly, pursuant to disclosure rules under the Advisers Act, this brochure has been compiled by us to provide new and prospective investors with clearly written, meaningful, current disclosure of our business practices, conflicts of interest and background of our advisory personnel. We encourage all recipients of this brochure to read it carefully in its entirety.

Updates made to this brochure include the following:

- Update to assets under management under Item 4: Advisory Business.

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Item 4: Advisory Business

We are an indirect wholly owned subsidiary of Alvarez & Marsal, Inc. which is a private company owned by Antonio C. Alvarez II, Bryan P. Marsal, and their respective family trusts; and we operate under the A&M Capital business line. We are a separately capitalized company that is closely associated with Alvarez & Marsal Holdings, LLC (“A&M”), an industry-leading corporate advisory firm. While we do anticipate having relationships and utilizing the services of certain entities affiliated with A&M, the day-to-day investment activities of A&M Capital are fully independent of A&M and are led by A&M Capital professionals Michael Odrich, Jack McCarthy and Kurtis Kaull. These individuals bring a wealth of investment, operational and financial expertise and experience to A&M Capital; and together with a number of other investment professionals, work to execute our investment strategy.

A&M Capital was established in 2009 and provides investment management services to a private investment fund (the “Fund”) and an employee securities company (the “ESC”) (the Fund and the ESC are collectively referred to as the “Partnerships”). The Fund is exempt from registration under the Investment Company Act of 1940 and its securities are not registered under the Securities Act of 1933. The Partnerships are organized to primarily invest in controlling interests in middle-market companies with identifiable opportunities for operational improvements, business turnarounds and/or financial recapitalizations (“Portfolio Companies”). Our services consist of investigating, identifying, evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Partnerships, managing and monitoring performance of such investments, and disposing of such investments.

The ESC is an investment vehicle through which certain employees, members, officers, and independent contractors of A&M Capital, officers and employees of A&M Capital’ affiliates and/or their family members, certain business associates, or other persons close to us may invest. It is expected that the ESC will invest proportionately in all Portfolio Companies on the basis of their available capital and on effectively the same terms and conditions as the Fund, subject to applicable legal, tax or regulatory considerations, and will share proportionately in expenses. The terms of the ESC may differ from those of the Fund.

In providing services to the Partnerships, we manage the assets in accordance with the limited partnership agreement of such Partnership, a separate investment management agreement, and/or side letters with investors (collectively, the “Governing Documents”). Investment advice is provided directly to the Partnerships and not individually to the limited partners of the Partnerships (the “Investors” or “Limited Partners”). Except as otherwise described in the Governing Documents, Limited Partners may not restrict investments by the Partnerships in any capacity, and except in limited circumstances, Limited Partners of the Partnerships are not permitted to withdraw prior to the Partnerships’ dissolution. Investment restrictions for the Partnerships, if any, are generally established in the Governing Documents.

As of January 31, 2014 we managed approximately \$600 million of client assets, all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

General

We typically receive compensation from fees based on a percentage of capital commitments to the Partnership and/or assets under management, carried interest allocations and certain other fees or expenses related to transactions (see below). Investors should review all fees charged by us and others to fully understand the total amount of fees to be paid by the Partnerships and, indirectly, by their Limited Partners. Management fees are paid by the Partnerships on behalf of the Limited Partners by (i) requiring Limited Partners to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the Limited Partners of the Partnerships. Investors' are generally not permitted to withdraw from the Partnerships as outlined in the Governing Documents. In the event of a "non-voluntary withdrawal," we will refund all pre-paid fees that have not been earned.¹

Management Fee

The Partnerships pay an annual management fee (the "Management Fee") semi-annually in advance. The Management Fee is calculated as a percentage of committed capital during the commitment period and invested capital thereafter, in each case in accordance with the Governing Documents. We reserve the right to waive or reduce management fees for certain investors, including employees, our affiliates, advisors and consultants, and others as may be determined in our sole discretion.

Carried Interest Distributions

A portion of the Partnerships net realized investment profit is distributed to its General Partner as "carried interest." The manner of calculation of such carried interest is disclosed in the Governing Documents. Generally, however, 20% of the realized investment profits of the Partnerships are distributed as carried interest to such Partnerships' General Partner with a preferred return to the Limited Partners of 8% per annum, subject to a giveback, as defined in the Governing Documents. As is the case with Management Fees, the General Partner reserves the right to waive or reduce carried interest for certain investors, including employees, affiliates, advisors and consultants, and others as may be determined in the General Partner's sole discretion.

Other Fees Earned by Us

We and/or the General Partner may be entitled to receive from Portfolio Companies cash and non-cash fees in respect of (i) set-up or other origination fees in connection with the origination by the Partnerships, us or the General Partner of a Portfolio Company other than a follow-on investment, (ii) topping or breakup fees in connection with proposed but unconsummated Portfolio Companies, (iii) directors' or monitoring fees paid by a Portfolio Company, (iv) commitment fees in connection with the Partnerships' commitment to make a Portfolio Company, and (v) investment banking, advisory or consulting fees and any similar fees or compensation paid by a Portfolio Company. A percentage of these fees will be applied to reduce the management fee pursuant to the relevant Partnerships' Governing Documents.

¹ Investors generally may not withdraw any amount from the Partnerships, except that a non-voluntary withdrawal may be permitted to avoid a prohibited transaction under the Employee Retirement Income Security Act of 1974.

Other Fees Earned by Affiliates

In addition, we have affiliates that may provide a broad range of pre- and post-acquisition and consulting service to companies in which the Partnerships invests, including, performance improvement, corporate advisory, business consulting, transaction advisory, turnaround advisory and other related services and are paid for such services. None of these fees for any of the foregoing will be shared with the Partnerships. These fees may be substantial. Additionally, Portfolio Companies may reimburse us or our affiliates for expenses (including, without limitation, travel expenses, which may include expenses for chartered or first-class travel) incurred in connection with the performance of services.

Other Expenses

To the extent provided in the Governing Documents, the Partnerships will pay all other costs and expenses of the Partnerships which generally include legal, auditing, consulting, financing and accounting fees and expenses, expenses associated with the Partnerships' financial statements, tax returns and K-1s; out-of-pocket expenses incurred in connection with transactions not consummated; costs and expenses associated with indemnification under the Partnerships Agreement; insurance; marketing expenses; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Partnerships.

To the extent we utilize the services of broker-dealers to place transactions, the Partnerships will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

As described above, we receive performance-based compensation in the form of “carried interest”, and the calculation is based on the profits generated on the sale or disposition of the Partnerships’ assets. Such carried interest or incentive allocation based on investment profits may create an incentive for us to make investments on behalf of the Partnerships that are riskier or more speculative than would be the case in the absence of such amounts. We address these conflicts through careful vetting of investment opportunities by our investment professionals, full disclosure of investments to Limited Partners by way of quarterly reports, as well as investment by a number of the our investment professionals alongside the Partnerships, in an effort to align our interests with the Partnerships.

Item 7: Types of Clients

We currently provide investment supervisory services to the Fund and the ESC. All Fund investors are required to be “qualified purchasers” or employees who are deemed to be “knowledgeable employees” under the Investment Company Act of 1940) or otherwise be permitted to invest under applicable securities laws. All ESC Investors are required to be employees, members, officers, and independent contractors of A&M Capital, officers and employees of A&M Capital’ affiliates and/or their family members, certain business associates, or other persons close to us. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Documents and subscription materials, which are furnished to each Investor.

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

Our investment strategies are discussed in more detail below. The following descriptions are qualified in their entirety by reference to the Governing Documents of the Partnerships.

We seek to achieve capital appreciation primarily through investing in privately negotiated controlling interests including equity and equity-oriented investments (such as, preferred stock, debt securities purchased in connection with such equity and equity-oriented investments, or which have equity-like returns and bridge financings) in middle-market companies with identifiable opportunities for operational improvements, business turnarounds and/or financial recapitalizations. The Partnerships will focus on investment opportunities in North America and, to a more limited extent, the United Kingdom and Europe with an expected geographic target allocation of 80% in North America and 20% outside of North America. The Partnerships may consider a broad range of industries and transactions, including, without limitation, management and leveraged buyouts, recapitalizations, privately negotiated control and minority investments, build-ups and consolidations, spin-offs, corporate divestitures and carve-outs. The Partnerships will not be limited in the industries or transaction types in which it may invest.

The investment decision making process is designed to maximize our ability to assess as many transactions as possible, while efficiently allocating time, effort and financial resources toward those transactions with the highest likelihood of a successful outcome. As such, the process places an emphasis on frequent, timely and efficient communication among members of the investment team with financial expenditures reserved for those deals we believe have a high likelihood of closing.

The steps of the investment process are:

1. Origination
2. Initial Screening
3. Active Review
4. Proposal - Detailed Internal Due Diligence
5. Execution - Detailed External Due Diligence
6. Investment Committee Meeting
7. Confirmatory Due Diligence and Closing
8. First 180 days
9. Going Concern
10. Exit

We may modify any step of the investment process on a case-by-case basis as we deem in good faith is appropriate.

Investing in securities involves a substantial degree of risk. The Partnerships may lose all or a substantial portion of its investments and Investors in the Partnerships must be prepared to bear the risk of a complete loss of their investments. Investors should be aware that an investment in the Partnerships is speculative and involves a high degree of risk. The following is a summary of

only certain considerations and is qualified in its entirety by the more detailed Governing Documents, which must be reviewed carefully.

No Assurance of Investment Return or Diversification. There can be no assurance that the Partnerships' objectives will be achieved or that an investor will receive any return on its investment in the Partnerships. Moreover, there can be no assurance that the Partnerships will be able to achieve its asset allocation targets and, as a result, may lack diversification. The Partnerships' performance may be volatile. An investment should only be considered by persons who can afford a loss of their entire investment. Past performance provides no assurance of future results.

Leverage. The Partnerships' investments are expected to include Portfolio Companies whose capital structures may have significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of the Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Portfolio Companies or its industry.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that the Partnerships will be able to locate, consummate and exit investments that satisfy the Partnerships' rate of return objectives or realize upon their values or that it will be able to invest fully its committed capital.

Recent Developments. Recent developments in the U.S. and global financial markets have illustrated that the current environment is one of extraordinary and unprecedented uncertainty and instability. A number of very high-profile and significant transactions and events have occurred with respect to participants in the financial services and other industries, including the failure or forced sale of certain banks, investment banks, insurance companies and other financial services businesses, the bankruptcy of global manufacturing corporations and broad scale market intervention by governments in the United States and abroad. Moreover, global financial markets continue to experience substantial volatility, downturns, disruption and liquidity shortages. While the investment team expects that the current environment will yield attractive investment opportunities for the Partnerships, there can be no assurances that conditions in the global financial markets will not worsen. To the extent that such marketplace events continue or worsen, this may have a further adverse impact on the performance of businesses, the value of assets and the availability of credit to businesses generally. Such marketplace events also may restrict the ability of the Partnerships to sell, acquire, refinance, restructure or liquidate investments at favorable times or for favorable prices.

Newly Formed Entities; Reliance on Key Management Personnel. The success of the Partnerships will depend, in large part, upon the skill and expertise of the investment team. In the event of the death, disability or departure of any of such key persons, the business and the performance of the Partnerships may be adversely affected. The Partnerships, advisor and general partner are newly formed and have no prior operating history.

Lack of Liquidity. There is no organized secondary market for investors' interests in the Partnerships, and none is expected to develop. There are restrictions on withdrawal and transfer of interests in the Partnerships. Interests in the Partnerships are long-term and illiquid.

Material, Non-Public Information. As a result of the advisory, consulting and related activities of our affiliates, we may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Partnerships will not be free to act upon any such information. Due to these restrictions and relationships, the Partnerships may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Information Sharing and Potential Conflicts of Interest. Although the Partnerships plans to leverage our restructuring and business consulting platform to help source, diligence and create value for the Partnerships' investments, there may be conflict identification and information screening policies and procedures as well as certain legal and contractual constraints and business objectives that could significantly limit the Partnerships' ability to do so.

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 we nor any of our officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

We are a separately capitalized company that is closely associated with Alvarez & Marsal Holdings, LLC (“A&M”), an industry-leading corporate advisory firm. We will have relationships and expect to utilize the services of certain entities affiliated with A&M. The particular services involved will depend on the types of services offered by the affiliated company. Affiliated companies will be engaged on an arms-length basis for services it provides us, the Partnerships and our Portfolio Companies. In addition, we expect to negotiate on behalf of the Partnerships attractive preferred rates for certain services offered by our affiliated companies. Services provided by affiliated companies may include, without limitation, transaction due diligence, the implementation of performance improvement plans, interim management, exit support, and other specialized advisory services. A conflicts committee has been established to approve such arrangement with our affiliates unless otherwise presented to the Fund’s limited partnership advisory committee.

Due to the number of companies under common control with A&M, we have not identified all companies below. However, we maintain a supplementary list of the affiliated companies we may engage along with the services they offer. A copy of the list will be provided upon request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Broker Dealer

Alvarez & Marsal Securities, LLC (“A&M Securities”) is a broker-dealer registered with FINRA, and provides specialized advisory services to companies involving mergers & acquisitions, securities offerings, restructurings, debt and equity transactions and other management services. We may utilize the services of A&M Securities and to the extent such service are utilized, A&M Securities will generally receive remuneration from the Partnerships or Portfolio Companies.

Pooled Investment Vehicles

We or our affiliates organize and sponsor the Fund, which is a private investment company. The pooled investment vehicle managed by us is controlled by an affiliated General Partner entity. We or the General Partner of the Fund will be responsible for all decisions regarding portfolio transactions of the Fund and have full discretion over the management of the Fund’s investment activities. While the General Partner of the Fund is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner of the Fund are subject to the supervision and control of A&M Capital. Thus, the General Partner of the Fund, 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 General Partner of the Fund.

Employee Securities Company

We have established an ESC through which certain eligible employees, members, officers, and independent contractors of A&M Capital, officers and employees of our affiliates and/or their family members, certain business associates, or other persons close to the firm may invest alongside the Fund. The ESC generally is contractually required, as a condition of investment, to

purchase and exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the Fund.

Co-Investment Opportunities

On occasion, we may form co-investment vehicles to invest alongside the Partnerships in Portfolio Companies where the Partnerships will make or have made an investment. Typically, co-investment vehicles will be allocated a pro-rata share (relative to capital invested) of transaction fees, portfolio monitoring fees, management fees and similar payments from Portfolio Companies. With respect to certain co-investments, to the extent agreed upon by co-investors, we may retain relevant transaction fees or portfolio monitoring fees, earn carried interest and receive a management fee that will not reduce the compensation paid to us by the Partnerships. Co-investment opportunities are offered at our discretion.

Anchor Investor Relationships

We maintain a strategic relationship with New York Life Insurance Company and GoldPoint Partners LLC (formerly New York Life Capital Partners) (together with its affiliates, “NYL”). NYL has provided a significant capital commitment to the Fund. The relationship entitles NYL to certain rights related to the Fund, including, economic participation in the carried interest of the Fund (and similar rights for serving as an anchor investor in future funds). Under certain circumstances, NYL may also receive a discount on management fees paid, as well as a priority right to submit a proposal to provide mezzanine financing for Portfolio Companies. NYL, along with other anchor investors participating in the Fund’s initial closings, have entered into side letters containing various other rights. Neither NYL nor any other investor will be involved in the day-to-day operations of A&M Capital nor do they have authority to direct the operations of the Fund.

Other Affiliations

Alvarez & Marsal Holdings, LLC is a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services. A&M and its affiliates deliver specialist operational, consulting and industry expertise to management and investors seeking to accelerate performance, overcome challenges and maximize value across the corporate and investment lifecycles. We will work closely with A&M and proactively utilize, as appropriate, the extensive resources of the A&M global network at key stages of the investment process to source, diligence, execute, manage and exit investment opportunities. To the extent such services are utilized, A&M or its affiliates will generally receive remuneration from the Partnerships or Portfolio Companies. Also, in order to help maximize the potential deal flow through A&M’s professionals and broader network, the Partnership has established an employee referral plan to encourage A&M partners and employees to assist in the referral of appropriate investment opportunities for the Partnerships. Participation in the program is open to A&M employees, regardless of their title or position within A&M. Such incentive compensation may be awarded in the form of cash or equity or equity-like participations in such companies. In each case, awards under this program will be made only to the extent permitted by law, and will not exceed 1% of the Partnerships’ invested equity with respect to each investment.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a written Code of Ethics (the “Code”) predicated on the principal that we owe a fiduciary duty to the Partnerships and its Investors. The Code establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

The Advisor generally prohibits the purchase or sale of securities that are held by the Partnerships; requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of personal securities transactions and all holdings; and requires prompt internal reporting of Code violations. A copy of our Code is available upon request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Participation or Interest in Client Transactions

We, our employees, and/or the General Partner of the Partnerships will make a capital commitment either directly to each Partnership or indirectly through a co-investment vehicle. The purpose of this commitment is to align our interests with the Limited Partners of the Partnerships. Generally, investments and disposals are made on substantially the same terms and conditions as the Partnerships. Details regarding the commitment for each Partnership can be found in the Governing Documents.

Side Letters

In addition, the Fund may enter into separate agreements, commonly referred to as “side letters”, with certain Investors, to waive certain terms, or allow such Investors to invest on different terms than those specifically described in the Governing Documents. Under certain circumstances, these agreements could create preferences or priorities for such Investors with respect to other Limited Partners.

Item 12: Brokerage Practices

We focus on making investments in private securities, thus we typically do not engage in traditional brokerage transactions, utilize any soft dollar relationships with any broker, nor permit investors to stipulate the direction of brokerage. To the limited extent we transact in public securities, we intend to select brokers based upon the broker's ability to provide best execution for the Partnerships. We are generally authorized to make the following determinations, subject to the Partnership's investment objectives and restrictions: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions. Also, as a private equity fund manager we do not aggregate the purchase or sale of securities across the Partnerships. However, the Partnerships may co-invest together, with third parties through joint ventures, Investors or other entities ("Co-Investors"). Such investments may involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor may at any time have economic or business interests or goals which are inconsistent with those of the Partnerships, or may be in a position to take action contrary to the Partnerships' investment objectives. In addition, there may be a limited amount of interests available for investing. Thus the Partnerships may receive a limited offering due to the Co-Investors investing with the Partnerships.

Item 13: Review of Accounts

All investments are carefully reviewed and approved by our investment committee. The Portfolio Companies are reviewed on a continuous basis and the investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Each Limited Partner will receive the following reports in accordance with the terms of the applicable Governing Partnership Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements together with investment information on investments by the Partnerships; and (iii) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

During a fundraising cycle for a Partnership, we may compensate placement agents who introduce new investors that commit capital. The amount paid to placement agents ranges up to 2.00% of the capital raised, and all placement fees will be fully disclosed to investors referred by placement agents. In the event a Partnership pays a placement fee to a placement agent, our advisory fee will be reduced by that amount. Investors working with a placement agent should be aware of the inherent conflicts of interest when working with placement agents. Placement agents may refer potential investors to funds that pay a higher referral fee.

Item 15: Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however we have access to client accounts since an affiliate serves as the General Partner of each Partnership. The Partnerships are audited on an annual basis in accordance with generally accepted accounting principles (GAAP) and the financial statements are distributed to each Limited Partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Partnership's fiscal year end. Limited Partners should carefully review these statements, and should compare these statements to any account information provided by us.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Documents, and subject to the direction and control of the General Partner of each Partnership, we generally have discretionary authority to determine, without obtaining specific consent from the Partnerships or its Limited Partners, the securities and the amounts to be bought or sold on behalf of the Partnerships, and to perform the day-to-day investment operations of the Partnerships.

Item 17: Voting Client Securities

In accordance with our fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, we have adopted and implemented written policies and procedures governing the voting of client securities. All proxies that we receive will be treated in accordance with these policies and procedures. A copy of our written proxy voting policies and procedures, as well as a record of how we have voted in the past, will be maintained and available for review upon written request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Partnerships are primarily invested in privately-held Portfolio Companies which typically do not issue proxies; therefore, the traditional concept of voting of proxies and participation in class actions is not currently applicable to us. The investment opportunities that we seek allows the Partnerships to have influence on the management, operations and strategic direction of the Portfolio Companies in which it invests; through its majority interest and/or through its employees who sit as officers and directors on Portfolio Companies boards. The exercise of control and/or significant influence over Portfolio Companies imposes additional risks of liability for product defects, environmental damage, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a Portfolio Companies could also expose the assets of the Partnerships to claims by such Portfolio Companies, its security holders and its creditors. While we intend to manage the Partnerships in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

We will seek to avoid material conflicts of interest between our own interests on the one hand, and the interests of the Partnerships on the other. However, as is typical with private equity investing, we seek and accept the election of one or more of our representatives to serve on the board of directors on behalf of the Partnerships and will typically, but not always, vote in favor of board recommendations. In the event we are faced with a material conflict of interest, we may defer to the voting recommendation of our conflicts committee and consult with the Partnership's limited partner advisory committee.

Item 18: Financial Information

We are not required to file a balance sheet since we do not collect more than \$1,200 in fees and six months or more in advance. In addition, there is no known financial condition that is reasonably likely to impair our ability to meet contractual commitments, and we have not been the subject of a bankruptcy proceeding.