

**Nexus Asset Management LLC**

**March 28, 2014**

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**This brochure provides information about the qualifications and business practices of Nexus Asset Management LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (646)722-2050. This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

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

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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 as an investment adviser on February 11, 2013. Craig Lucas and Devin Geoghegan are the principal owners of the Adviser.

The Adviser provides investment management and advisory services on a discretionary basis to its clients, which include institutional investors (including pooled investment vehicles) with separately managed accounts (the "Accounts") and pooled investment vehicles intended for sophisticated investors and institutional investors (the "Funds" and collectively with the Accounts, the "Nexus Clients").

The Adviser provides advice to the Nexus Clients based on specific investment objectives and strategies. The Adviser does not generally tailor its advisory services to the individual needs of investors and therefore investors may not generally impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2013, the Adviser had approximately \$954,641,821 in regulatory assets under management that the Adviser managed on a discretionary basis.

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## Item 5. Fees and Compensation

The Adviser generally charges its Nexus Clients an investment management fee of 2% per annum payable quarterly in advance based on the total market value of the applicable Nexus Client's assets (including net unrealized appreciation or depreciation) on the first day of the quarter. Notwithstanding the foregoing, the Adviser (or its affiliate), in its sole discretion, may waive or reduce the investment management fee for certain investors, including employees or affiliates of the Adviser or relatives of such persons and for certain large or strategic investors. It should be noted that the investment management fees payable by the Accounts are determined at the time of the establishment of an Account and the terms of such fees will be set forth in the applicable investment management agreement governing the Account and may vary from those described herein. The investment management fee may be paid to the Adviser or its designee. If a new Nexus Client account is established during a quarter or a Nexus Client makes an addition to its account during a quarter the investment management fee will generally be charged as of the effective date of the investment management agreement or the date of the additional contribution based on the value of the assets as of the applicable date and will be prorated for periods less than a quarter based on the number of days remaining in the quarter.

The Adviser (or its delegate) will generally be paid an annual performance-based allocation or fee of 20%, which is compensation that is based on a share of capital gains on or capital appreciation of the assets of a Nexus Client. This compensation may be paid to the Adviser or its designee. Notwithstanding the foregoing, the Adviser (or its affiliate), in its sole discretion, may waive or reduce the performance-based allocation or fee for certain investors, including employees or affiliates of the Adviser or relatives of such persons and for certain large or strategic investors. It should be noted that the performance-based fees payable by the Accounts are determined at the time of the establishment of an Account and the terms of such fees (including application of a hurdle, if any) will be set forth in the applicable investment management agreement governing the Account and may vary from those described herein.

The Adviser deducts the investment management fee from Nexus Client accounts by instructing the Nexus Client's custodian or by billing the Nexus Client directly. It is intended that the Nexus Clients will pay their own expenses and certain other expenses including the fees paid to the Adviser and the administrator; directors' fees, if any; administrative expenses; accounting, tax, auditing and other professional expenses; legal fees; organizational expenses; investment expenses such as commissions; research and operational due diligence expenses (including research-related travel); interest on margin accounts and other indebtedness; borrowing charges (including on securities sold short); custodial fees; bank service fees, costs associated with any regulatory filings attributable to the assets of the Nexus Clients (e.g., Form PF); a pro rata share of the compliance expenses of the Adviser relating to its registration as an investment adviser and commodity pool operator; a pro rata share of insurance costs (including, without limitation, its pro rata share of directors' and officers' insurance, errors and omissions insurance and other similar policies); order management/trade capture systems; the costs and expenses related to risk reporting (including the use of third-party risk reporting services); third-party technology and trading services, infrastructure and support (including hard-wired infrastructure and software); fees and expenses of any third-party research, data, recommendations and/or similar services (and related software); fees and expenses of valuation and/or pricing services (and related software) and all other reasonable expenses related to the purchase, sale or transmittal of Nexus Client assets. Certain Nexus Clients may not pay all of the foregoing expenses and the Adviser may elect to pay certain of these expenses on behalf of certain Nexus Clients. Nexus Client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, Nexus Clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

A Nexus Client may obtain a refund of a pre-paid fee if the advisory contract is terminated or a withdrawal is made from the account before the end of a billing period. The Adviser will generally determine the

amount of the relevant refund on a pro rata basis, based upon the portion of the relevant period during which it provided services.

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple Nexus Clients. The Adviser is entitled to be paid performance-based compensation by Nexus Clients that are private pooled investment vehicles and certain other Nexus Client accounts. In addition, it is anticipated that the Adviser's investment personnel will typically be compensated on a basis that includes a performance-based component.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. Relevant portfolio, trading and legal and compliance personnel of the Adviser will review portfolio holdings for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts will also be regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities generally require that similarly managed Nexus Client accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the Nexus Client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation of limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer and other relevant personnel of the Adviser.

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**Item 7. Types of Clients**

The Adviser's clients consist of pooled-investment vehicles and managed accounts that are established by pooled-investment vehicles and other institutional investors.

With respect to any Nexus Client that is a pooled investment vehicle, any initial and additional subscription minimums will be disclosed in the offering memorandum for the pooled investment vehicle. The Adviser does not have a specific minimum investment requirement for Nexus Clients who are managed accounts.

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

The Adviser will offer a broad range of global energy-related long/short investment strategies to its Nexus Clients. While the Adviser intends to initially manage all of the Nexus Clients' assets directly, the Adviser may also seek to achieve its investment objectives by allocating certain assets to third-party portfolio managers (collectively, the "Sub-Advisers") in the future. Any allocations that the Adviser makes on behalf of a Nexus Client to a Sub-Adviser will be made into a segregated portfolio owned by such Nexus Client or through the creation of a sub-account within a managed account owned by such Nexus Client, and in each case the Sub-Adviser will be granted trading authority subject to the Adviser's investment management guidelines. The Adviser does not intend to invest in pooled-investment vehicles or accounts that are separately managed by Sub-Advisers.

Investing in securities and other financial instruments involves risk of loss that investors should be prepared to bear. Those risks will vary based on the nature and attributes of the relevant investment approach and the specific securities and other instruments held. For information on the risks associated with a particular investment approach, as well as the types of investments it may hold, please contact the Adviser.

The following is a list of material risks generally associated with the Adviser's investment approach:

**Utility and Energy Industry Related Risks.** Certain investment portfolios will contain securities in the utility and energy sectors. The risks associated with electric utility companies include those involving the construction, operation and licensing of nuclear power plants, including the risk of nuclear accident. The market value of the stock of electric and gas utility companies also may be adversely affected by inadequate rate increases from regulatory agencies. Other risks of electric and gas utilities include their market sensitivity to changes in long-term interest rates, their continuing requirements for raising additional capital and their obligation to comply with environmental and other governmental mandates. The value of the portfolio may be particularly vulnerable to factors such as increasing regulation of the energy sector by both U.S. and foreign governments, developments in the energy sector and energy conservation incentives. Increased energy regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which the Nexus Client invests. The value will also be affected by changing commodity prices, which can be highly volatile and are subject to risks of oversupply and reduced demand.

**Exposure to Natural Resources Sectors.** The value of assets may be vulnerable to factors affecting the natural resources industries, such as increasing regulation of the energy and natural resources sectors by both the U.S. and non-U.S. governments, developments in the energy and natural resources sectors and conservation incentives. Increased natural resources regulations may, among other things, increase compliance costs and affect business opportunities for the companies in which the Adviser invests.

**Small to Medium Cap Stocks.** At any given time, the Nexus Clients may have investments in smaller to medium sized companies with market capitalizations of less than \$5 billion. These securities often involve greater risks than the securities of larger, better-known companies.

**Credit Default Swap Agreements.** Certain Nexus Clients may be parties to credit default contracts. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a credit event occurs, the seller typically must pay the contingent payment to



the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by physical delivery of the reference obligation in return for payment of the face amount of the obligation. The Nexus Clients may be either the buyer or seller in the transaction. If a Nexus Client is a buyer and no credit event occurs, the Nexus Client may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Nexus Client receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations.

Credit default swaps involve greater risks than if a Nexus Client had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Nexus Client.

**Short Sales.** The Adviser and Sub-Advisers may engage in a significant amount of short selling. Short selling, which involves selling securities not currently owned (i.e., selling borrowed securities), necessarily involves certain additional risks. These transactions expose the Nexus Clients to the risk of loss in an amount greater than the initial investment, and the losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale must be returned to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Nexus Client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

**Options.** Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Because option premiums paid or received by an investor will be small in relation to the market value of the investments underlying the options, buying and selling put and call options can result in large amounts of leverage. As a result, the leverage offered by trading in options could cause a Nexus Client's asset value to be subject to more frequent and wider fluctuations than would be the case if the Nexus Client did not invest in options.

**Leverage.** The Adviser and Sub-Advisers may utilize leverage, including margin borrowing, in connection with the management of the Nexus Clients' portfolios. This results in a Nexus Client controlling substantially more assets than it has equity. Leverage increases returns to the investors if the Nexus Client earns a greater return on leveraged investments than the Nexus Client's cost of such leverage. However, the use of leverage exposes the Nexus Clients to a high degree of additional risk including (i) greater losses from investments than would otherwise have been the case had the Nexus Client not used leverage to make the investments, (ii) margin calls or interim margin requirements may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds a Nexus Client's cost of leverage related to such investment. In the event of a sudden, precipitous drop in value of a Nexus Client's assets, the Adviser or a Sub-Adviser, as applicable, might not be able to liquidate assets quickly enough to repay borrowings, further magnifying the losses incurred by the Nexus Client.

To the extent that options, futures, options on futures, swaps, swaptions and other "synthetic" or derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than a non margined purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

In an unsettled credit environment, it may be difficult or impossible to obtain leverage for the Nexus Clients. Since leveraging assets may be part of the investment strategy of the Adviser or a Sub-Adviser, in such event the Adviser or Sub-Adviser could find it difficult to fully implement its investment strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser or Sub-Adviser being forced to unwind positions quickly and at prices below what it deems to be fair value for the positions.

**Non-U.S. Securities.** Investing in securities of companies domiciled or operating in one or more non-U.S. countries involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some non-U.S. governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend, interest or other payments) or confiscatory taxation may also affect investment in non-U.S. securities. Higher expenses may result from investment in non-U.S. securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than the United States. Non-U.S. securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States. Investments in non-U.S. countries could be effected by other factors not present in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

**Commodity and Futures Contracts.** The Nexus Clients may invest in commodity and futures contracts. Commodity futures markets (including financial futures) are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. Because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Commodity futures trading may also be illiquid. Certain commodity exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits -- which conditions have in the past sometimes lasted for several days in certain contracts -- the Adviser and Sub-Advisers could be prevented from promptly liquidating unfavorable positions and thus the Nexus Clients could be subject to substantial losses.

**Counterparty Risk.** To the extent a Nexus Client's assets are invested in swaps, swaptions, "synthetic" equivalents, derivative instruments, repurchase agreements, certain types of options or other customized financial instruments, the Nexus Client is subject to the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from that entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. The Adviser will seek to mitigate these risks by engaging only highly-rated firms with substantial capital, credit and market expertise.

**Market Risk.** The profitability of a significant portion of a Nexus Client's investment program depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that the Adviser and/or Sub-Advisers will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability. With respect to the investment strategies utilized by the Adviser and Sub-Advisers, there is always some, and occasionally a significant, degree of market risk.

**Emerging Markets.** The Nexus Clients may invest in emerging market securities. Investing in emerging market securities involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of

nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty including war; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyper-inflation); (g) controls on non-U.S. investment and limitations on repatriation of invested capital and the Adviser's or Sub-Adviser's ability to exchange local currencies for US dollars; (h) a higher degree of governmental involvement in and control over the economies; (i) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (j) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (k) less extensive regulatory oversight of securities markets; (l) longer settlement periods for securities transactions; (m) less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; and (n) certain consequences regarding the maintenance of portfolio securities and cash with sub-custodians and securities depositories in emerging market countries.

**Distressed Situations.** The Nexus Clients may invest in "distressed situations" (i.e., private claims and obligations of domestic and foreign entities experiencing significant financial difficulties, such as loan participations and assignments, trade claims and similar instruments), which may expose the Nexus Clients to significant risks, including: (i) the difficulty in obtaining information as to the issuer's true condition; (ii) regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; (iii) market risk; (iv) litigation risk; (v) liquidity risk; and (vi) at times, collection risk (especially, when dealing with sovereign debt). Moreover, to the extent that the Nexus Clients invest in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

**Special Situations.** A Nexus Client's assets may be invested in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time or 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 Adviser or Sub-Adviser may be required to sell the investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Nexus Clients may invest, there is a potential risk of loss of the entire investment in such companies.

**Master Limited Partnerships.** Certain assets may be invested in master limited partnerships ("MLPs"). The value of the investments in MLPs will depend largely on the MLPs being treated as partnerships for federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it would be taxed as a corporation. In that case, the MLP would be obligated to pay income tax at the entity level and distributions received by the Nexus Client would be taxed entirely as dividend income. As a result, there would be a material reduction in the Nexus Client's after-tax return.

To the extent a Nexus Client invests in MLPs, items of income, gains, losses and deductions of each MLP would flow through to the Nexus Client in its capacity as a partner of the MLP. Historically, a substantial portion of MLP income has been offset by tax deductions. If the amount of MLP income tax deductions that may be claimed by a Nexus Client is less than anticipated, the limited partners will incur greater current income taxes. A significant slowdown in acquisition activity by the MLPs in the Nexus Client's portfolio also could accelerate the limited partners' obligations to pay income taxes due in part to less accelerated depreciation generated by new acquisitions.

**Potential Lack of Diversification.** Although the Adviser seeks to obtain diversification by investing in a number of different investment strategies, it is possible that the Adviser and certain Sub-Advisers may

take substantial positions in the same security or group of securities at the same time. This possible lack of diversification may subject the investments of the portfolio to more rapid change in value than would be the case if the assets of a portfolio were more widely diversified.

**Loan Participations.** The Nexus Clients may have significant investments in corporate secured and unsecured loans acquired through assignment or participations. In purchasing participations, Nexus Clients will usually have a contractual relationship only with the selling institution, and not the borrower. The Nexus Clients generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will the Nexus Clients have the right to object to certain changes to the loan agreement agreed to by the selling institution. A Nexus Client may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof the Nexus Client may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, a Nexus Client may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the loans or loan participations may be governed by the law of a jurisdiction other than a United States jurisdiction which may present additional risks with regards to the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

**Increased Costs of Frequent Trading.** Certain investment strategies may involve frequent trading due to the active nature of Nexus Client portfolios. As a result, the brokerage and commission expenses of such portfolios may exceed those of other, less active, investment entities of comparable size.

**Custody and Prime Brokerage Risk.** There are risks involved in dealing with the custodians or prime brokers who settle Nexus Client trades (collectively, the "Prime Brokers"). Under certain circumstances, including certain transactions where assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the prime broker, or where the Nexus Client's assets are held at a non-U.S. prime broker, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Nexus Client, and hence the Nexus Client could be exposed to a credit risk with regard to such parties. In addition, there may be practical or time problems associated with enforcing the Nexus Client's rights to its assets in the case of an insolvency of any such party. Although the Adviser monitors the Prime Brokers and believes they or their affiliates are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodian that the Nexus Client may use from time to time, will not become insolvent. While both the Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a failure, insolvency, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Nexus Client assets, the Nexus Client would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. The Adviser and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Nexus Client. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Nexus Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Nexus Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections which would normally be provided to a Nexus Client by a custodian will not be available to the Nexus Client. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy in certain non-U.S. jurisdictions, the ability of the Nexus Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy would be in doubt.

**Sub-Advisers.** Because the Adviser will engage Sub-Advisers who will make their trading decisions independently, it is theoretically possible that one or more Sub-Advisers may, at any time, take investment positions that are the opposite of positions taken by the Adviser. It is also possible that the

Adviser and the Sub-Advisers may on occasion be competing with each other for similar positions at the same time.

**Lack of Liquidity.** The Nexus Clients' assets may at any time consist of securities and other financial instruments or obligations that are thinly-traded or for which no market exists and/or that 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.

Please refer to each Nexus Client's offering memorandum (with respect to those Nexus Clients that are pooled-investment vehicles) for a more detailed description of the risks associated with the Adviser's methods of analysis and investment strategies and techniques.

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**Item 9. Disciplinary Information**

This Item is inapplicable.

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**Item 10. Other Financial Industry Activities and Affiliations**

The Adviser is registered with the Commodity Futures Trading Commission (the "CFTC") as a commodity pool operator and is a member of the National Futures Association in such capacity. In addition, certain of the Adviser's management persons are listed on the Adviser's registration with the CFTC as principals of the Adviser and/or registered with the CFTC as associated persons of the Adviser and associate members of the NFA in such capacity.

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#### **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 to put the interests of the Nexus Clients before its own interests and to act honestly and fairly in all respects in their dealings with Nexus Clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Nexus Clients or prospective Nexus Clients may obtain a copy of the Code by contacting Tara Flynn (Chief Compliance Officer) by email at [tara@nexusamllc.com](mailto:tara@nexusamllc.com), or by telephone at (646)722-2050.

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 the Nexus 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 Nexus Client. The Adviser will maintain and enforce 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 Nexus 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 Nexus Clients or using such information for the Nexus Clients' benefit. In such circumstances, the Adviser will have no responsibility or liability to a Nexus Client for not disclosing such information to the Nexus Client (or the fact that the Adviser possesses such information), or not using such information for the Nexus 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.

Pursuant to the Adviser's Code, the Adviser and its related persons ("Covered Persons") are generally prohibited from engaging in trading in personal accounts, except in limited circumstances. The only exceptions from this prohibition on personal trading are: (i) purchases or sales pursuant to an automatic investment plan; (ii) purchases or sales of securities that are not Reportable Securities (as defined in the Code); (iii) transactions effected in, and the holdings of, any account over which the Covered Person has no direct or indirect influence or control (i.e., blind trust, discretionary account or trust managed by a third party); (iv) purchases or sales of securities (with respect to existing long positions or to cover existing short positions) owned prior to the commencement of the Covered Person's employment with the Adviser, with the prior consent of the Chief Compliance Officer; (v) purchase or sales of shares of closed-end investment companies with the prior approval of the Compliance Officer; (vi) purchase or sales of shares of exchange-traded funds companies with the prior approval of the Compliance Officer; and (vii) transactions in securities of private funds managed by the Adviser or its affiliates, which require the prior approval of the Chief Compliance Officer. In addition, each Covered Person may generally not engage in more than five (5) personal securities transactions during any calendar month.

All of the Adviser's personnel are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser's related persons are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed and compared with transactions for the Nexus Client accounts.



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## Item 12. Brokerage Practices

The Adviser will generally be authorized to determine the broker or dealer to be used for each securities transaction for the Nexus Clients. However, to the extent the Adviser has engaged a Sub-Adviser to manage a portion of a Nexus Client's assets, the Sub-Adviser will be responsible for determining the broker or dealer to be used for securities transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. In determining best execution, the Adviser may take into account the full range and quality of a broker's services that benefit an account under management such as brokerage, research and other services. In selecting the counterparties to execute a particular transaction, the Adviser uses its best judgment in evaluating the terms of the transaction, and gives consideration to various relevant factors, which generally will include financial stability, credit-worthiness, and general reputation of the broker, actual executed price of the security and the broker's commission rates, research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance the Adviser's general portfolio management capabilities, size and type of the transaction, difficulty of execution and the ability to handle difficult trades, operational efficiency and facilities of the brokers and/or dealers involved including back office efficiency, ability to handle a block order for securities and distribution capabilities, clearing broker's responsiveness to the Adviser and the Adviser's ability to negotiate standard agreement terms that adequately protect the Nexus Clients. Therefore, the Adviser may not necessarily negotiate "execution only" commission rates and may "pay up" for research and other services provided by the broker through the commission rate ("soft dollars"). However, since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would be otherwise obtainable. It is expected that the Sub-Advisers will allocate brokerage business on the basis of best available execution and in consideration of such brokers' provision of brokerage and research and related services.

The Compliance Committee will periodically monitor the Adviser's trading to ensure that the Adviser has obtained best execution in accordance with its policies and procedures, and at least annually, selected employees of the Adviser will meet to evaluate systematically the execution performance of its brokers. The review of brokers will consist of various factors, including, as applicable, the factors set forth below, and any other factors that the reviewers think necessary for the Adviser to make a reasonable decision about its best execution determinations: (i) names of brokers reviewed, (ii) average commission rate charged by each broker, (iii) services provided by the broker other than execution, i.e., research or other services used in the management of Nexus Clients, (iv) whether the execution and other services provided by the broker were satisfactory, taking into account such factors as the speed of execution, the certainty of execution, and the ability to handle large orders or orders requiring special handling, (v) reason for using that broker (i.e., research, execution only, etc.), (vi) unusual trends, such as higher than usual commission rates or a large volume of business directed to an unknown broker, and (vii) potential conflicts of interest.

Section 28(e) of the United States Securities Exchange Act of 1934, as amended ("Section 28(e)"), is a "safe harbor" that permits an investment manager to use 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 investment manager 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 SEC or a self regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e).

The Chief Compliance Officer, in consultation with the Compliance Committee and outside legal counsel, as necessary, will determine whether a service may be paid with soft dollars. The Chief Compliance Officer, along with other members of the Compliance Committee, will consult with the head trader regarding the capabilities of relevant brokers.

The use of Nexus Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from the Nexus Clients' portfolio transactions may be used by the Adviser in its other investment activities and thus, the relevant Nexus Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The Adviser does not allocate soft dollar benefits to Nexus Clients proportionately to the soft dollar credits the accounts generate.

Although the Adviser will make a good faith determination that the amount of commission rates paid is reasonable in light of the products or services provided by a broker, commissions are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between the Adviser and its Nexus Clients and investors.

The Adviser may place transactions with a broker or dealer that (i) provides the Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Nexus Clients, if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

The Adviser has complete discretion (other than with respect to those assets being managed by a Sub-Adviser) in deciding what brokers and dealers the Nexus Clients will use and in negotiating the rates of compensation the Nexus Clients will pay and does not permit Nexus Clients to direct brokerage.

If the Adviser determines to buy or sell the same security, including interests in a private investment vehicle, on behalf of more than one Nexus Client, it may, but shall be under no obligation to, aggregate, to the extent permitted by applicable law and regulations, Nexus Client orders to achieve more efficient execution or to provide for fair treatment among the Nexus Clients. The Adviser will generally follow the following guidelines in aggregating Nexus Client orders for securities, including any orders placed for

private investment vehicles: (i) no Nexus Client will be favored over any other Nexus Client and (ii) each Nexus Client that participates in an aggregated order will participate at the average share price for all of the Adviser's transactions in that security on a given business day and transaction costs will be shared pro-rata based on each Nexus Client's participation in the transaction.

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**Item 13. Review of Accounts**

Each Nexus Client account will be reviewed by the Co-Chief Investment Officers and other trading, operational, risk, legal and compliance personnel of the Adviser, on a continuing basis to determine whether securities positions should be maintained in view of current market and other relevant conditions as well as with respect to various operational, fund administration, and legal and regulatory matters (by trading, operational, fund administration, and legal and compliance staff). Matters reviewed include specific securities held, adherence to any investment guidelines, the performance of each account and significant market, economic, regulatory and political events. Further, the Chief Compliance Officer and other members of the Compliance Committee periodically review the Adviser's trading to ensure consistency with applicable law and regulations.

Investors in the pooled-investment vehicles receive reports from the Nexus Client pursuant to the terms of each Nexus Client's offering memoranda or as otherwise described in the offering document of the Nexus Client. Similarly, each Nexus Client that is a managed account will receive reports in accordance with such Nexus Client's agreement with the Adviser.

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**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 Nexus 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.

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**Item 15. Custody**

This Item is not applicable.

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to the Nexus Clients. As explained in Item 4, individual investors in the Nexus Clients do not have the ability to impose limitations on the Adviser's discretionary authority. Prior to assuming discretion in managing a Nexus Client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Allocations will be made among Nexus Client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when the Adviser determines in its discretion that a pro rata allocation is not appropriate, which may include a Nexus Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Nexus Client's status as a "restricted person" under applicable regulations.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that Nexus Clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a Nexus Client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the Nexus Client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the Nexus Client account.

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## Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its Nexus Clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Nexus Client securities, such proxies are voted in the best interests of its Nexus Clients. In voting proxies, the Adviser will generally vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors, and increases or reclassification of common stock. The Adviser will also generally vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its Nexus Clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Adviser has entered into an agreement with Broadridge Investor Communication Solutions, Inc., a third-party proxy voting service (the "Proxy Voting Service"). The Proxy Voting Service facilitates the electronic voting of proxies and affords the Adviser access to the voting recommendations provided by a third-party, Glass Lewis. Upon the Proxy Voting Service's receipt of the voting recommendations provided by Glass Lewis, the Proxy Voting Service will execute all proxies in accordance with such recommendations. Prior to the voting deadline, the Adviser intends to review the voting recommendations provided by Glass Lewis and will modify the votes if the Adviser determines that it disagrees with the Glass Lewis recommendation.

Generally, the Adviser's Nexus Clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a Nexus Client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Nexus Client or take some other appropriate action.

Nexus Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a Nexus Client's proxies by contacting Tara Flynn (Chief Compliance Officer) by email at [tara@nexusamllc.com](mailto:tara@nexusamllc.com) or by telephone at (646)722-2050.



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**Item 18. Financial Information**

This Item is not applicable.

**Appendix: Item 2. Material Changes**

The following summary only discloses material changes made to the brochure since the Adviser's last update, which was filed on June 5, 2013:

This brochure has been updated to reflect that the Adviser has updated its Code of Ethics to permit personal trades in closed-end and exchanged traded funds with the prior approval of the Chief Compliance Officer, subject to a general limit of no more than five (5) personal securities transactions during any calendar month, and to reflect other general updates in light of the Adviser's current business practices.