

MPAM Credit Trading Partners L.P.

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MPAM Credit Trading Partners L.P. is an investment adviser that is registered with the U.S. Securities and Exchange Commission. Registration with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of MPAM Credit Trading Partners L.P. If you have any questions about the contents of this brochure, please contact us at (216) 767-4800. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Additional information about MPAM Credit Trading Partners L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This is an annual update of our Form ADV Part 2A brochure. Since the last annual update on April 1, 2013, we have updated the regulatory assets under management.

Item 3 Table of Contents

		Page
Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	4
Item 6	Performance-Based Fees and Side-By-Side Management	6
Item 7	Types of Clients	6
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9	Disciplinary Information.....	9
Item 10	Other Financial Industry Activities and Affiliations	9
Item 11	Code of Ethics, Participation or Interests in Client Transactions and Personal Trading	12
Item 12	Brokerage Practices	13
Item 13	Review of Accounts	15
Item 14	Client Referrals and Other Compensation	16
Item 15	Custody	16
Item 16	Investment Discretion	16
Item 17	Voting Client Securities	17
Item 18	Financial Information.....	17

Item 4 Advisory Business

- A. MPAM Credit Trading Partners L.P. (also referred to as we, or the firm) is an investment management firm based in Cleveland, Ohio that seeks to achieve positive absolute returns while minimizing risk of loss. Messrs. Craig E. Ruch, Brent C. Zimmerman and MatlinPatterson Asset Management L.P. founded the firm in 2010 and are its principal owners.
- B. We specialize in offering investment management services to private funds (including single-investor funds) and separately managed accounts including for registered investment company portfolios. We take long and short positions primarily in credit instruments such as corporate bonds, notes, loans, debentures, leverage loans, mortgages, convertible debt, and other evidences of indebtedness, government bonds, including municipal securities, equity instruments, including common and preferred stock, options, warrants, indices, and derivatives on these assets, but we are not limited to investing in any specific instruments.
- C. Our firm tailors advisory services to the specified broad investment mandates of our clients. We adhere to the investment strategy set forth in the offering memoranda and operating agreements of the funds and the investment management agreements with our firm, including any concentration limits and other applicable guidelines arranged on a case-by-case basis with respect to each fund or managed account.
- D. We do not participate in wrap fee programs.
- E. As of December 31, 2013, the firm managed approximately \$531,287,550 in gross assets. We manage clients' assets only on a discretionary basis. Our authority with respect to managed accounts is subject to investment guidelines and applicable regulatory requirements, including the Investment Company Act of 1940, as amended.

Item 5 Fees and Compensation

- A. Our firm typically receives compensation from each of our clients based on the percentage of assets managed. In addition, an affiliate of the firm receives performance-based compensation from the private funds that we manage. Detailed information concerning our compensation and fees is contained in the offering memoranda and the operating agreements of each of our clients. Fees payable by investors in our fund clients are generally not negotiable; however, we (including our general partner affiliates) have the discretion to agree to different fees with investors in the funds and may also waive fees, including for investors that are our affiliates or employees. Fees for managed accounts are determined on a case-by-case basis.
- B. We charge management fees with respect to our private fund clients monthly in advance and with respect to managed accounts as may be agreed with the account holder. Performance-based compensation with respect to our hedge fund clients

is determined annually, based on realized and unrealized gains and losses, at the end of each fiscal year or an earlier withdrawal date with respect to any capital withdrawn prior to the end of a fiscal year.

- C. Our client funds bear organizational and offering expenses, in certain instances subject to limitation. Generally, the funds bear costs and expenses directly related to their portfolio investments or prospective investments (whether or not consummated), such as brokerage commissions, interest on debit balances or borrowings, exchange, clearing and settlement charges, custodial fees, travel expenses in connection with investment activity, appraisal fees, investment banking fees and expenses, fees to consultants and finders, specific expenses incurred in obtaining or maintaining systems, research and other information and information service subscriptions utilized with respect to the funds' investment program, including any tax-related structuring or legal expenses incurred, and any withholding, transfer or other taxes imposed on the funds. To the extent investment expenses are attributable to more than one client, such expenses are generally allocated on a pro rata basis among all participating clients. In addition, each fund bears all out-of-pocket costs of its administration, including accounting, audit, administration, legal, registration and licensing expenses, costs of any litigation or investigation involving fund activities, indemnification expenses, costs associated with reporting and providing information to existing and prospective investors, costs of holding any investor meetings or advisory committee meetings, and the costs associated with maintaining insurance for the fund and the investment manager. Administrative costs may include a fund's allocable share of the fees and expenses of any third-party providers of "back office" and "middle office" services relating to trade settlement, and accounting and related operations for the fund. Please refer to a fund's offering documents for further information regarding the fund's fees and expenses.

The investment management agreements relating to managed accounts contain specific information on the managed accounts' expenses. Also, Item 12 details our broker selection and compensation policies.

- D. Our hedge fund clients pay management fees in advance. Since investors in these funds may make withdrawals only at the end of each month or quarter, as applicable, fund investors do not bear management fees in excess of what they owe for the entire period. Management agreements with our clients provide that management fees are subject to equitable pro-rata to the extent the investment management agreement is terminated prior to the end of the month.
- E. Neither the firm nor any of our principals or employees receives any transaction-based compensation for the sale of securities in any funds or separate accounts managed by our firm or our affiliated management companies.

Item 6 Performance-Based Fees and Side-By-Side Management

All of our private fund clients are subject to performance-based compensation payable to us or an affiliate of our firm. We sub-advise separate series of assets for registered investment companies that are not subject to performance-based compensation. This side-by-side management creates a potential conflict in that the firm may be incentivized to allocate investment opportunities to the clients that are subject to performance-based compensation. The firm has adopted and applies allocation policies designed to achieve equitable allocation among our clients over time. Specifically, our policy prevents us from taking our compensation into account when allocating limited investment opportunities.

Item 7 Types of Clients

Most of our advisory clients are private investment funds that are exempt from registration under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. Accordingly, investors in the funds must satisfy the applicable eligibility and suitability requirements in order for the funds to maintain such exempt status. We generally require all U.S. investors in our private funds to be “accredited investors” and “qualified purchasers” (as defined in applicable federal securities laws and regulations). Our client funds have a diverse group of global investors, including public and private pension funds, endowments, foundations, financial institutions, insurance companies, fund of funds and high-net-worth individuals. We also provide sub-advisory services with respect to separate series of registered investment companies.

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

- A. The firm focuses on credit instruments such as public and private corporate bonds, notes, loans, debentures, leverage loans, mortgages, convertible debt, governmental bonds, municipal securities, and other evidences of indebtedness and derivatives based thereon, such as futures, options and swaps, including credit default swaps. We may also take long and short positions in government bonds, including municipal securities, equity instruments, including common and preferred stock, options, warrants, indices, and currencies, including options and other derivatives thereon, as well as other investment interests. We engage in a fundamental bottom-up research-driven analytical process in order to extract value.

We may employ leverage, which may be significant for some clients, in order to enhance returns, as well as to fund investment transactions, and to fund redemptions pending the receipt of cash proceeds from the disposition of portfolio positions. Leverage sources may include margin credit from brokers, secured and unsecured loans from banks and other lenders and various forms of derivative instruments and agreements with embedded leverage. The firm may take market neutral and directional positions, and may engage in capital structure arbitrage and other arbitrage opportunities. We expect that the investment strategies we utilize in pursuit of our clients’ investment objectives may generate high levels of trading and portfolio turnover.

- B. See Items 8.A. and 8.C.
- C. The firm's risk management program aims to identify and appropriately address the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities and other instruments involves a risk of loss that any of our clients and any of the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the types of investment strategies in which we engage are:

General Investment Risk. All fund investments risk the complete loss of capital. There is no assurance that the clients' investment program will be successful or that investments purchased by the clients will increase in value. In addition, there will be competition for investment opportunities by investment vehicles and others with investment objectives and strategies similar to those of the firm. There can be no assurance that we will be able to locate and complete investments which satisfy the clients' objectives. Returns generated from investments may not adequately compensate investors in the funds for the business and financial risks assumed.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others.

Low-Rated or Unrated Debt Securities. Our clients may purchase low-rated or unrated debt securities. Such securities may offer higher yields than do higher-rated securities, but generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. The lack of a liquid secondary market for low and unrated debt securities may have an adverse impact on the firm's ability to dispose of such securities and may make it more difficult for the firm to obtain accurate market quotations on behalf of our clients. Such transactions are not subject to exchange rules.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as

interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to the clients of borrowed securities and leveraged investments.

Access to Information; Projections. Our strategies and the success of our clients depend upon our ability to gather all relevant information about each investment and to assess it accurately, not only at the time of investment but through our holding period until the firm disposes of the investment. Our expectations regarding the favorable outcome of any investment can be adversely affected by numerous factors beyond our control, including our receipt of incomplete or inaccurate data, our failure to assess it accurately, and unpredictable changes in circumstances, including unforeseeable macroeconomic circumstances unrelated to our analysis of the specific investment.

Short Sales. Strategies for certain clients call for short sales not only for hedging purposes but also occasionally to exploit situations in which the manager believes an investment has been overvalued by market participants. If the manager's assessment of these situations is incorrect, there is risk that the funds could incur a potentially unlimited amount of loss from the short sale.

Leverage. The firm generally has the discretion to use borrowing and other forms of leverage in its strategies for certain clients. Such leverage may be incurred through direct borrowing or the use of derivatives. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Derivative Instruments. For certain clients, the firm may use various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Hedge Fund Valuation. Investors in our hedge fund clients purchase and redeem interests based on a determination of the fair value of the assets and liabilities of these funds. In addition, management fees and incentive compensation are determined by reference to these valuations. Another area of risk involves the purchasing of investments that are difficult to value due to the absence of quoted prices for identical assets in an active market. Although an independent administrator uses information from third-party sources generally to value the funds' assets, the firm may participate in the valuation process. Investors exposed to these valuation issues could be adversely affected if the valuations of assets or liabilities are inaccurate.

Conflicts of Interest. As described elsewhere in this brochure, the firm is subject to various conflicts of interest as a result of our management of multiple clients, regulatory restrictions imposed by laws applicable to some clients, the nature of our compensation arrangements, and the use of our fund structure. The existence

of these conflicts of interest may influence the independence of the firm's judgment. This brochure contains information about how the firm manages these conflicts.

Dependence on Managing Principals. The success of our clients will be dependent on the investment expertise of the managing principals and the loss of any managing principal's services could have a material negative impact on performance. Additionally, no managing principal is required to devote all of his time to the affairs of any one client, and he may invest in other business ventures of any nature and may trade for his own account subject to compliance with the firm's policies and procedures on personal trading.

The private placement memorandum for each of our hedge fund clients contains a discussion of various risk considerations that is more extensive in scope and depth than the foregoing summary.

Item 9 Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving the firm or any of our management persons that are material to a current investor's or prospective investor's evaluation of our advisory business.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither the firm nor any of our management persons is currently registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the firm nor any of our management persons is currently registered as a futures commission merchant, a commodity trading advisor or an associated person of the foregoing entities. The firm is in the process of registering as a commodity pool operator with the Commodity Futures Trading Commission. The firm currently acts as the commodity pool operator with respect to MatlinPatterson Credit Fund Ltd. and MatlinPatterson Municipal Fund Ltd. MatlinPatterson Credit Fund GP LLC, an affiliate of the firm, currently acts as the commodity pool operator with respect to MatlinPatterson Credit Fund L.P. and MatlinPatterson Credit Master Fund L.P. in reliance on an exemption from registration pursuant to Regulation 4.13(a)(3). MatlinPatterson Municipal Fund GP LLC, an affiliate of the firm, currently acts as the commodity pool operator with respect to MatlinPatterson Municipal Fund L.P. and MatlinPatterson Municipal Master Fund L.P. in reliance on an exemption from registration pursuant to Regulation 4.13(a)(3). The firm expects to be registered as a commodity pool operator in the future and to claim an exemption from certain requirements in reliance on Regulation 4.7.
- C. In addition to serving as a discretionary investment manager to each of our client funds, we (or our affiliates) manage each of our private funds either as the general partner (in the case of private funds formed as partnerships) or by designating

principals of our firm to serve on the board of directors along with a majority of independent directors that are initially appointed by our firm (in the case of private funds formed as corporations). As a result, our private funds do not have independent management. As of the date of this brochure, the firm serves as investment adviser for the following private funds: (i) MatlinPatterson Credit Fund L.P. and MatlinPatterson Credit Fund Ltd., each a feeder fund that conducts all or substantially all of its investment activities through MatlinPatterson Credit Master Fund L.P. for which MatlinPatterson Credit Fund GP LLC serves as the general partner; (ii) MatlinPatterson Municipal Fund L.P. and MatlinPatterson Municipal Fund Ltd., each a feeder fund that conducts all or substantially all of its investment activities through MatlinPatterson Municipal Master Fund L.P. for which MatlinPatterson Municipal Fund GP LLC serves as the general partner; and (iii) a single-investor offshore fund.

Since we have more than one client, our personnel cannot devote their exclusive attention to any single client.

We are affiliated, through common ownership, with other management companies registered with the Securities and Exchange Commission as investment advisers:

- MatlinPatterson Global Advisers LLC
- MP Securitized Credit Partners L.P.
- MP (Thrift) Global Advisers III LLC
- MP Preferred Partners GP LLC
- Ursamine Credit Advisors LLC and its relying adviser MP Senior Credit Partners L.P.

MatlinPatterson Advisers (Europe) LLP, a subsidiary of MatlinPatterson Global Advisers LLC which has an office in London, provides research services to MatlinPatterson Global Advisers LLC but has no discretionary supervisory or management authority. MatlinPatterson Advisers (Europe) LLP is authorized by the U.K. Financial Conduct Authority.

The firm and its employees engage in a variety of activities, including investment management and financial advisory activities that are independent from and may from time to time conflict with those of any specific clients whose accounts we manage. We currently serve as investment manager to multiple clients and may in the future serve as investment manager to new funds or other investment products or accounts that may invest in assets or employ strategies that overlap with the strategies of other entities that the firm or our affiliates manage. The firm and each of our affiliated investment managers separately make their own investment decisions and place their own trades separately with respect to the clients each manages. Our clients may, therefore, compete with other clients of

the firm or our advisory affiliates for investment opportunities. The firm adopted an allocation policy pursuant to which no one of our clients must be unfairly favored over another client over time. In particular, we allocate trades among our clients in accordance with all applicable laws, rules and regulations and in compliance with the terms of the clients' governing documents. We do not take into account fees payable by various clients or interests held by the firm's affiliates in the funds in allocating investment opportunities.

We may make investment decisions for some clients that may be different from those the firm or its affiliates make on behalf of the other clients (including the timing and nature of the action taken), even where the investment objectives of such clients are the same or similar. For example, the firm may at certain times be simultaneously seeking to purchase or sell the same or similar investments for various clients. Likewise, to the extent permitted by applicable law, we can make an investment for a client in an issuer or obligor in which another client or an affiliate's client is already invested or has co-invested. Conflicts may result in the event our advisory clients own securities or other instruments of the same issuer having a different seniority, or where some of our clients have a pre-existing relationship with an issuer.

In addition, the investment activities and the regulatory status of one or more of our advisory clients, may result in the imposition of restrictions on the flexibility of other clients. For example, the firm may be prohibited by applicable law from investing in a borrower or issuer or participating in restructuring, work-outs, renegotiations or other activities related to a fund's investment in a borrower or issuer, even if it believes it is in the best interests of our clients to do so, due to the fact that a registered investment company sub-advised by the firm or our advisory affiliates holds investments in the same borrower or issuer. As a result, the firm may make different investment decisions and take different actions with respect to our clients when they are in the same or similar situations.

Clients of our firm and of our advisory affiliates may co-invest in certain transactions to the extent the operating agreements permit co-investments. Certain hedge fund clients commingle all or a portion of their assets in collective investment vehicles or accounts, such as master-feeder structures, in order to facilitate co-investment. Ownership interests in such vehicles are typically recorded by means of private book entry in records maintained by the relevant investment manager.

To the extent permitted by applicable law, the firm and our advisory affiliates may cause client accounts to buy positions from or to sell positions to other client accounts in re-balancing transactions resulting from subscriptions or redemptions or in other circumstances where such transactions are considered advisable for both parties, unless the client's operating agreements or investment management agreements prohibit such transactions. All cross transactions will be effected at prevailing market prices, in accordance with all applicable laws and subject to requirements in the participating clients' operating documents. Subject to the

foregoing, no client will buy positions from or sell positions to the firm or its affiliates.

The potential to earn performance-based compensation could give the firm an incentive to invest client assets in an aggressive or speculative manner. We seek to minimize this conflict by taking a disciplined approach to portfolio risk management and by maintaining a significant investment in each of the funds we manage.

Since performance compensation for our hedge fund clients is based in part on unrealized gains and losses, there is theoretically an incentive to inflate the value of client assets through fair valuation determinations. We follow detailed valuation methodologies to ensure consistent valuations with respect to the funds we manage, although discrepancies may occur to the extent a client conducts its own valuation applying its own valuation methodologies. An independent administrator values assets and interests in our hedge fund clients.

- D. We do not recommend or select other investment advisers for our clients.

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

- A. Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended, the firm adopted a Code of Conduct and Ethics (as amended from time to time, the Code) acknowledging its fiduciary obligations towards our clients, including a requirement to act at all times in the clients' best interests. The Code contains a variety of guidelines and requirements including pre-clearance and reporting of personal securities transactions by principals and employees of the firm, restricting or prohibiting certain types of transactions (including in any securities on the firm's and its advisory affiliates' combined restricted list), prohibiting trading of securities while in possession of material non-public information, monitoring of giving and receiving gifts and entertainment, pre-clearance and reporting of political contributions, limitations on employees' outside activities, policies relating to the firm's books and records, requirements with respect to marketing materials and other disclosure provided by the firm, proxy voting policy, brokerage policy, privacy policy, anti-money laundering policy, and disaster recovery and business continuity plan. All employees must acknowledge and agree to the terms of the Code, as well as provide records of any personal trading accounts and an annual compliance certification. This paragraph only represents a list of certain provisions in our Code. We provide a copy of our Code to any client or prospective client upon request. A copy of the Code is filed with the registration statement of the registered investment companies that we sub-advise.
- B. Our employees do not recommend to the firm's clients, nor do they buy or sell for the clients, securities or other instruments in which they have a material financial interest. Our clients may invest through master accounts or other investment

subsidiaries for which affiliates of the firm may serve as general partners or directors, but there is no additional compensation payable to the firm in connection with such arrangements.

- C. The firm has a set of procedures in place to ensure that we address any potential conflicts that may arise between our clients and employees' personal trading activities. The Code provides that employees may not invest for their personal accounts in the securities of any company to the extent any client account is invested in such company or is considering an investment in such company. Prior to executing any trade for a personal account, employees must input information about the security to be traded into the firm's tracking system that will match such security with any positions included in the firm's general restricted list comprised of positions in client accounts or that are being considered for client accounts. If a security is identified as restricted, an employee may not transact in such security for a personal account. The Code provides that employees must arrange for duplicate statements of all personal account activity to be sent to the firm. In addition, employees must submit quarterly and annual holdings reports to the firm, including through equivalent tracking in the firm's automated tracking system. The firm's chief compliance officer or his designee conducts periodic reviews of personal account submissions by employees. To the extent there is any finding relating to personal trading activity that is inconsistent with the firm's policy, the chief compliance officer will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action, which may include dismissal.
- D. See Item 11.C.

Item 12 Brokerage Practices

- A. In placing portfolio transactions, we seek to obtain the best execution for our clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker, including minimum net capital requirements and the level of indebtedness; regulatory and disciplinary history; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research and other services and products (including those described below) considered to be of value; access to underwritten offerings and secondary markets; responsiveness and qualified personnel; institutional references; trading experience; providing access to issuers; facilitating analyst access and road shows; special abilities of a broker that add value to clients; and the competitiveness of commission rates in comparison with other brokers satisfying the firm's other selection criteria. The firm does not have to weigh any of these factors equally.

The firm maintains a list of pre-approved brokers, selected based on the above criteria, and distributed to the firm's trading personnel. The list may include a broker-dealer that is owned by a portfolio company of a client fund. The list is subject to periodic review and update by the firm's chief compliance officer. To the extent a trader wishes to use a broker that is not on the pre-approved broker list, he or she must seek approval from the firm's chief compliance officer, subject to very narrow exceptions.

1. Soft Dollars Generally. The firm generally does not utilize "soft dollars". However, our brokerage policy enables us to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to or pay higher commissions to brokerage firms that provide us with investment and research information. Since commission rates in the United States as well as in certain other jurisdictions are negotiable, selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. Research products and services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In the event that the firm utilizes "soft dollars", it will do so solely to pay for products or services that qualify for the safe harbor within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.
2. The Use of Soft Dollars Can Create a Conflict of Interest. Using client transactions to obtain research and other benefits creates incentives that may result in conflicts of interest between advisers and their clients. The availability of these benefits may influence the firm to select one broker rather than another to perform services for clients, based on the firm's interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. However, we will make a good faith determination that the amount of commission is reasonable in relation to the overall services provided, viewed in terms of either the specific transaction or our overall responsibility to our clients.

Any use of soft dollars to obtain research services and to pay for other costs and investment expenses that our firm might otherwise incur (such as third-party research and investment information, investment execution services, research and financial newsletters) would create a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm or other clients. To the extent that we are able to acquire these products and services

without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

3. We May Consider Referrals in the Selection of Brokers and Dealers. Subject to seeking best execution, we may consider referrals of potential investors to our clients as a factor in the selection of brokers. We may execute trades with brokers and dealers or utilize prime brokers with whom the firm or the funds' portfolio companies have other business relationships, including credit relationships, capital introduction, investments by affiliates of the broker-dealers in our clients or investment banking or advisory relationships with our portfolio companies; however, we do not intend for these other relationships to influence the choice of brokers and dealers who execute trades for our clients or our choice of prime brokers.
 4. Our Clients Do Not Direct Brokerage. Our firm does not recommend, request or require that a client, nor do we generally permit a client to, direct us to execute transactions through a specified broker-dealer.
- B. If the firm has determined to invest at the same time for more than one of our clients, it may, but is not required to, place combined orders for all such clients simultaneously and if all such orders are not filled at the same price, it may average the prices paid. Although combined orders tend to lower execution costs, in certain circumstances, combining orders may result in higher prices paid by client accounts than if the orders had been entered separately. If an aggregated order cannot be fully executed under prevailing market conditions, the firm may allocate the investments among the client accounts in its discretion.

Item 13 Review of Accounts

- A. Monitoring of Accounts. The firm's investment professionals, including the senior portfolio managers, review investments on an ongoing basis. Where appropriate, these reviews include an assessment of daily profit and loss reports with respect to the clients' investment positions, participating in board meetings and management calls, reviewing annual and interim financial statements, and making ad hoc on-site visits.
- B. Review Triggers. The firm regularly supervises and monitors the activities of our clients, as referenced above in Item 13.A.
- C. Reports. We provide investors in our client funds with monthly capital statements. Additionally, we provide audited annual reports for each of our funds containing financial statements examined by our independent auditors as well as such tax information as is necessary for each investor in our domestic funds to complete its U.S. federal and state income tax or information returns, along with any other tax information required by law. Managed account clients receive such reports as specified in the investment management agreement.

Item 14 Client Referrals and Other Compensation

- A. Our firm does not receive any economic benefit from non-clients for providing advisory services to our clients.
- B. Neither the firm nor its related persons compensate any person who is not a supervised person for client referrals. To the extent the firm does so, any such arrangements shall comply with the requirements of Rule 206(4)-3. In addition, we have entered into an arrangement with an investment bank and similar broker-dealer firm relating to introduction of advisory clients of such firms to purchase interests in our client funds and may enter into additional agreements in the future. Occasionally, these arrangements may provide for a payment of a fee by our firm to the introducing broker either directly or through rebate or discounts of our fees with respect to investors in our private funds introduced by such broker.

Item 15 Custody

Due to our access to client funds and securities as general partner or investment manager of our private fund clients, and our or a related person's authority to deduct fees and other expenses from these clients' accounts, we are deemed to have constructive custody of these clients' funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (known as the Custody Rule).

We utilize the services of unrelated financial institutions or other qualified custodians (as defined in the Custody Rule) to hold the funds and securities of all of our clients, with the exception of certain privately offered securities. We also ensure that the qualified custodian maintains such funds in accounts that contain only clients' funds and securities, which may be under our name as agent or trustee for the client.

With respect to our clients that are collective investment vehicles for which we are deemed to have constructive custody, we comply with the periodic reporting requirements of the Custody Rule by arranging for annual financial statements, prepared in accordance with generally accepted accounting principles and audited by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to be delivered to each investor in our client funds within 120 days of the end of the relevant fund's fiscal year.

We do not have actual or constructive custody with respect to our managed accounts.

Item 16 Investment Discretion

All of our firm's investment advisory services involve the management of client accounts on a fully discretionary basis and, in the case of managed accounts, subject to the agreed upon investment guidelines. We have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell, the broker through which we effect trades, and the commission rates at which we effect trades. In exercising this authority, we adhere to the investment strategy and program set forth in each fund's offering memoranda, operating agreements and investment management agreements.

Investors in our client funds are required to complete subscription documents to acquire an interest in the fund, which, among other things, confirm that the investor has reviewed the relevant disclosure documents describing the scope of our authority and the inability of any investor to direct our trading activities. Investment management agreements with our managed account clients contain provisions vesting full investment discretion in our firm.

Item 17 Voting Client Securities

Because our clients have delegated the power to vote their securities to our firm, we have implemented proxy voting policies and procedures in accordance with securities laws and our fiduciary obligations to our clients. After studying proxy materials and any other information that may be necessary or beneficial to voting, we always strive to vote proxies in a manner that we believe reasonably furthers the best interests of our clients and is consistent with the relevant client's investment philosophy as set forth in its offering documents. The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure, and social responsibility. We will cast votes for these matters on a case-by-case basis. We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with manager performance and market practices.

If a proxy vote creates a material conflict between the interests of the firm and a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on the firm's determination of the client's best interest and was not the product of the conflict.

The firm maintains records of (i) all proxy statements and materials the firm receives on behalf of clients (with the exception of materials that are publicly available, through the Securities and Exchange Commission website or otherwise); (ii) all proxy votes that are made on behalf of the clients; (iii) all documents created by us that were material to our decision as to how to vote or that memorializes the basis for that decision; (iv) all written requests from clients regarding voting history (to the extent such requests exist); and (v) all responses (written and oral) to clients' requests.

Upon request, any of our clients or any of the investors in our clients can obtain (i) a copy of our proxy voting policies and procedures and (ii) information concerning proxy voting on its behalf.

Item 18 Financial Information

- A. We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.
- C. Our firm has never been the subject of a bankruptcy petition.