

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

CERBERUS SUB-ADVISORY I, LLC

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ITEM 2
MATERIAL CHANGES

This is the initial Part 2A of Form ADV: Firm Brochure (the “Adviser’s Brochure”) for Cerberus Sub-Advisory I, LLC (the “Adviser”). Pursuant to the United States Securities and Exchange Commission’s (the “SEC”) requirements and rules, you will receive a summary of any material changes to this brochure within one hundred twenty days of the close of the Adviser’s fiscal year.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

The Adviser, Cerberus Sub-Advisory I, LLC, a Delaware limited liability company, was organized in May 2013. The Adviser serves as a sub-adviser to (i) two funds (together, the “RICs”) registered as investment companies with the SEC under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and (ii) a fund authorized by the Central Bank of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended) (the “UCITS Fund,” and together with the RICs, the “Clients”). Each of the Adviser’s three Clients is affiliated with one another. The Adviser’s offices are located in New York City.

The Adviser is wholly owned by Cerberus Capital Management, L.P. (“CCM”), a Delaware limited partnership and an investment adviser registered with the SEC. The principal owner of CCM is Stephen A. Feinberg, who owns his interests in CCM indirectly through one or more intermediate entities.

The affiliates of CCM are sometimes referred to herein as the “CCM Affiliates.” Please refer to CCM’s Form ADV Parts 1A and 2A for a more detailed description of CCM’s and the CCM Affiliates’ respective investment strategies and clients, which include privately-placed pooled investment vehicles (collectively, the “Private Funds”), single investment special purpose investment vehicles and managed accounts (collectively, with the Private Funds, the “CCM Clients”).

The Adviser currently only provides services to the Clients but may in the future provide services to other clients. The Adviser is part of the single advisory business of CCM and the CCM Affiliates, and the Adviser, CCM and the CCM Affiliates share resources including, without limitation, personnel, policies and facilities. CCM, the CCM Affiliates and the Adviser are sometimes referred to collectively herein as the “Cerberus Advisers.” The Clients and the CCM Clients are sometimes referred to collectively herein as the “Cerberus Clients.”

B. Description of Advisory Services.

The Adviser is a private investment firm. The Adviser has been engaged by the advisers of the Clients (each, a “Delegating Adviser”) to provide sub-advisory services in respect of a portion of the assets of the Clients designated by the Delegating Advisers (the “Allocated Portion”). The Adviser’s mandate in respect of the Allocated Portion is to achieve certain specified returns by generating both current income and capital appreciation through a variety of long and short mortgage-centric investment strategies.

Please see Item 8 for additional information related to methods of analysis, investment strategies and risk of loss.

C. Availability of Customized Services for Individual Clients.

The Adviser tailors its advisory services as described in the Clients' offering and organizational documents and/or the sub-advisory or other agreements between the Adviser and the Delegating Advisers.

D. Wrap Fee Programs.

The Adviser does not participate in wrap fee programs.

E. Assets Under Management.

As of the date of this Brochure, (i) the Adviser manages approximately \$200 million on a discretionary basis and (ii) CCM manages approximately \$27 billion on a discretionary basis. The Adviser's assets under management represents the net asset value of the Allocated Portion. The Adviser does not manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees.

Management Fees

The Adviser will receive an annual management fee equal to a percentage of net assets under management. Such management fees generally range from 0.65% to 1.0% of the net assets of the Allocated Portion. The particular percentage will be determined in accordance with the sub-advisory and other agreements between the Adviser and the Delegating Advisers.

Performance-Based Fees

With respect to the UCITS Fund, the Adviser will receive an annual performance-based fee of 5.0% of aggregate realized and unrealized appreciation in the net asset value of the assets comprising the Allocated Portion (after deduction of the Adviser's management fees and applicable expenses), subject to a high water mark and a hurdle rate. The Adviser does not receive any performance-based compensation with respect to the RICs.

B. Payment of Fees.

Management fees are calculated and paid by the Delegating Adviser, and are payable quarterly in arrears. With respect to the UCITS Fund, performance-based fees are calculated and paid by the Delegating Adviser and are payable annually in arrears.

C. Additional Expenses and Fees.

The Clients will pay all expenses other than those expressly stated to be payable by the Adviser pursuant to the sub-advisory or other agreements between the Adviser and the Delegating Adviser. The Adviser shall bear its expenses of providing services pursuant to such agreements.

D. Prepayment of Fees.

The fees received by the Adviser will be paid in arrears.

E. Additional Compensation and Conflicts of Interest.

The Adviser does not accept compensation for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CCM and the CCM Affiliates may receive performance-based compensation in the form of an incentive allocation, an incentive fee or carried interest with respect to the CCM Clients. Additionally, the Adviser will receive a performance-based fee with respect to the advisory services provided to the UCITS Fund, as described in more detail in Item 5 of this Brochure.

In the allocation of investment opportunities, performance-based fee/allocation arrangements may create (i) an incentive to favor accounts with performance fee/allocation arrangements over accounts that are not charged, or from which a Cerberus Adviser will not receive a performance fee/allocation (*e.g.*, the RICs or accounts that are below their high water marks); and (ii) an incentive to favor accounts from which a Cerberus Adviser will receive a greater performance fee/allocation over accounts from which it will receive a lesser performance fee/allocation. The Cerberus Advisers have adopted an Investment Allocation Policy and Procedures (the “Allocation Policy”) designed to ensure that all Cerberus Clients are treated fairly and equally and to prevent this form of conflict from influencing the allocation of investment opportunities among Cerberus Clients.

ITEM 7
TYPES OF CLIENTS

As of the date of this Brochure, the Adviser's only clients are the RICs and the UCITS Fund. At this time, the Adviser does not anticipate providing investment advisory services to any other clients, although the Adviser may do so in the future. The minimum amounts for investment, if any, by the Clients are specifically negotiated by the Adviser and the Delegating Adviser.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies.

The Adviser invests primarily in agency and nonagency mortgage-backed securities, various interest rate products and synthetic indices. The Adviser may invest in mortgage loans, mortgage-backed securities and derivatives across the entire capital structure, and may also effect its trading strategy through the investment and trading in instruments of the rates market, including, but not limited to, cash treasury notes, interest-rate swaps, futures, caps/floors, options and swaptions. The Adviser also may invest in mortgage-backed securities collateralized by residential mortgage loans ("RMBS"), asset-backed securities ("ABS"), collateralized debt obligations ("CDOs"), and any other mortgage derivative or real estate-related financial instruments. The types of RMBS in which the Adviser may invest include, without limitation, mortgage-backed securities ("MBS") collateralized by prime, agency, Alt-A, Alt-B, sub-prime mortgages, MBS pass-throughs, mortgage derivatives (*i.e.*, interest only securities), agency debentures, agency structured notes, servicing rights, wraps and guarantees (from Fannie Mae, Freddie Mac and other entities), and other forms of asset-backed securities and other pools of distressed assets. The Adviser also may purchase pools of performing and non-performing loans (including, without limitation, residential and multi-family properties and SBCs (small balance commercial loans)). Investments may be made both long and short in a variety of instruments, including, but not limited to, instruments with varying terms with respect to collateral, relative seniority or subordination, purchase price, convertibility, interest requirements and maturity. The Adviser may use leverage for liquidity and investment purposes. The Adviser may (but need not) employ various hedging techniques to mitigate actual or potential risks to which the Clients' respective portfolios may be exposed.

Risks Relating to the Investment Strategies.

The investment programs for each of the Clients involve a substantial degree of risk. The Adviser has listed certain risks below; however, the list of risks is not comprehensive or complete.

Risks Associated with Residential Mortgage Loans. The Clients may invest in residential mortgage loans, including subprime mortgages. Subprime mortgage loans are generally made to borrowers with lower credit scores. Accordingly, such mortgage loans backing residential mortgaged-backed securities are more sensitive to economic factors that could affect the ability of borrowers to pay their obligations under the mortgage loans backing these securities. The residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the performance of the Clients. A decline or an extended flattening of real estate values may result in increases in delinquencies and losses on residential mortgage loans, particularly with respect to second homes and investor properties and with respect to any residential mortgage loan where the aggregate loan amount (including any subordinate liens) is close to or greater than the related property value.

Another factor that may result in higher delinquency rates is the increase in monthly payments on adjustable-rate mortgage loans. Borrowers with adjustable payment mortgage loans are

exposed to increased monthly payments when the related mortgage interest rate adjusts upward from the initial fixed rate or a low introductory rate, as applicable, to the rate computed in accordance with the applicable index and margin.

Certain residential mortgage loans may be structured with negative amortization features. Negative amortization arises when the mortgage payment in respect of a loan is smaller than the interest due on such loan. On any such mortgage loans, if the required minimum monthly payments are less than the interest accrued on the loan, the interest shortfall is added to the principal balance, causing the loan balance to increase rather than decrease over time. Because the related mortgagors may be required to make a larger single payment upon maturity, the default risk associated with such mortgage loans may be greater than that associated with fully amortizing mortgage loans.

In addition, numerous residential mortgage loan originators that originate subprime mortgage loans have experienced serious financial difficulties and, in some cases, bankruptcy. Those difficulties have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties made on the mortgage loans, such as fraud claims.

Interest-Only Mortgage Loans. The Clients may invest in interest-only mortgage loans. Interest-only mortgage loans permit the borrowers to make monthly payments of only accrued interest generally for an initial period following origination. After such interest-only period, the borrower's monthly payment will be recalculated to cover both interest and principal so that the mortgage loan will amortize fully prior to its final payment date. If the monthly payment increases, the related borrower may not be able to pay the increased amount and may default or may refinance the related mortgage loan to avoid the higher payment. Interest-only mortgage loans reduce the monthly payment required by borrowers during the interest-only period and consequently the monthly housing expense used to qualify borrowers. As a result, interest-only mortgage loans may allow some borrowers to qualify for a mortgage loan who would not otherwise qualify for a fully amortizing mortgage loan or may allow them to qualify for a larger mortgage loan than otherwise would be the case.

Higher Risk of Loss on Loans Secured by Non-Owner Occupied Properties. The Clients may invest in mortgage loans that are secured by multifamily or mixed use properties, or by properties, including improved and unimproved land, held by borrowers for investment, or as second homes. These mortgage loans may present a greater risk of loss, and the unimproved land may present a significantly greater risk of loss, if a borrower experiences financial difficulties, because these borrowers may be more likely to default on a mortgage loan secured by non-owner occupied property than a mortgage loan secured by a primary residence of a borrower.

Credit Scores May Not Accurately Predict the Performance of the Mortgage Loans. The Advisers may rely on credit scores as part of its due diligence process. Credit scores are obtained by many lenders in connection with mortgage loan applications to help them assess a borrower's creditworthiness. Credit scores are generated by models developed by a third party that analyzed data on consumers in order to establish patterns that are believed to be indicative

of the borrower's probability of default over a two-year period. The credit score is based on a borrower's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience. Credit scores range from approximately 250 to approximately 900, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a credit score purports only to be a measurement of the relative degree of risk a borrower represents to a lender (*i.e.*, a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score). Lenders have varying ways of analyzing credit scores and, as a result, the analysis of credit scores across the industry is not consistent. In addition, it should be noted that credit scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of a mortgage loan. Furthermore, credit scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general, and assess only the borrower's past credit history. Therefore, a credit score does not take into consideration the effect of mortgage loan characteristics (which may differ from consumer loan characteristics) on the probability of repayment by the borrower. There can be no assurance that the credit scores of the mortgagors will be an accurate predictor of the likelihood of repayment of the related mortgage loans.

Risks Associated with Residential Mortgage-Backed Securities. The Clients may invest in residential mortgage-backed securities ("RMBS"). Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Prepayments could reduce the yield received on the related issue of RMBS. RMBS are particularly susceptible to prepayment risks, as they generally do not contain prepayment penalties and a reduction in interest rates will increase the prepayments on the RMBS, resulting in a reduction in yield to maturity for holders of such securities.

Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. Certain mortgage loans may be of sub-prime credit quality (*i.e.*, do not meet the customary credit standards of Fannie Mae and Freddie Mac). Delinquencies and liquidation proceedings are more likely with sub-prime mortgage loans than with mortgage loans that satisfy customary credit standards. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting

industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations.

Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers which, among other things, may regulate interest rates and other fees, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. In addition, a number of legislative proposals have been introduced at both the federal, state and municipal level that are designed to discourage predatory lending practices. Violation of such laws, public policies and principles may limit the servicer's ability to collect all or part of the principal or interest on a residential mortgage loan, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and administrative enforcement. Any such violation could also result in cash flow delays and losses on the related issue of RMBS.

It is not expected that RMBS will be guaranteed or insured by any governmental agency or instrumentality or by any other person. Distributions on RMBS will depend solely upon the amount and timing of payments and other collections on the related underlying mortgage loans.

Geographic Concentration of Mortgage Loans. The mortgage loans in which the Clients may invest may be concentrated in a specific state or region. Weak economic conditions in these locations or any other location (which may or may not affect real property values), may affect the ability of borrowers to repay their mortgage loans on time. Properties in certain jurisdictions may be more susceptible than homes located in other parts of the country to certain types of uninsurable hazards, such as earthquakes, as well as floods, hurricanes, wildfires, mudslides and other natural disasters. Declines in the residential real estate market of a particular jurisdiction may reduce the values of properties located in that jurisdiction, which would result in an increase in the loan-to-value ratios. Any increase in the market value of properties located in a particular jurisdiction would reduce the loan-to-value ratios of the mortgage loans and could, therefore, make alternative sources of financing available to the borrowers at lower interest rates, which could result in an increased rate of prepayment of the mortgage loans.

Risks Associated with Commercial Mortgage Loans. The Clients may invest in commercial mortgage loans. The value of the Clients' commercial mortgage loans will be influenced by the rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as result of such defaults. The factors influencing delinquencies, defaults and loss severity include (i) economic and real estate market conditions by industry sectors (*e.g.*, multifamily, retail, office); (ii) the terms and structure of the mortgage loans; and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.

Commercial mortgage loans are generally viewed as exposing a lender to a greater risk of loss through delinquency and foreclosure than lending on the security of single family residences. The ability of a borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (*i.e.*,

the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses, and comply with applicable zoning and laws) rather than upon the existence of independent income or assets of the borrower. Many commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees.

Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining balloon amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans and commercial mortgage-backed securities ("CMBS") bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligation.

Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses on top of potentially declining property values. In certain circumstances, the creditors may also become liable upon taking title to an asset for environmental or structural damage existing at the property.

Risks Associated with CMBS. The Clients may invest in CMBS and other mortgage-backed securities, including subordinated tranches of such securities. The value of CMBS will be influenced by factors affecting the value of the underlying real estate portfolio, and by the terms and payment histories of such CMBS.

Some or all of the CMBS contemplated to be acquired by the Clients may not be rated, or may be rated lower than investment-grade securities, by one or more nationally recognized statistical rating organizations. Lower-rated or unrated CMBS, known as B-pieces, in which the Clients may invest have speculative characteristics and can involve substantial financial risks as a result. The Clients may also acquire subordinated tranches of CMBS issuances. In general, subordinated tranches of CMBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and have subordinated rights as to receipt of interest distributions.

The value of CMBS and other mortgage-backed securities in which the Clients may invest generally have an inverse relationship with interest rates. Accordingly, if interest rates rise the value of such securities will decline. In addition, to the extent that the mortgage loans which underlie specific mortgage-backed securities are prepayable, the value of such mortgage securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline. Typically, commercial mortgage loans are not prepayable or are subject to prepayment penalties or interest rate adjustments while most residential mortgage loans may be prepaid at any time without penalty.

Asset-Backed Securities. Asset-backed securities ("ABS") use trusts and special purpose corporations to securitize various types of assets, primarily automobile and credit card receivables. The Clients may invest, either directly or indirectly, through CDOs, in these and other types of ABS that may be developed in the future.

ABS present certain risks that are not presented by mortgage-backed securities. Primarily, these financial instruments do not have the benefit of security interest in collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of entities involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with mortgage-backed securities, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Risks Associated with CDO Investments. Clients may invest in CDOs. The value of the CDOs generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets (the "CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDOs must rely solely on distributions on the CDO Collateral or proceeds thereof for payment. If distributions on the CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for payment of the deficiency and following realization of the CDOs, the obligations of such issuer to pay such deficiency generally will be extinguished.

CDO Collateral may consist of high-yield debt securities, loans, ABS and other instruments (which often are rated below investment grade or of equivalent credit quality). High-yield debt securities and loans may be unsecured and subordinated to other obligations of the issuer. The lower ratings of high-yield securities and below investment-grade loans reflect a greater possibility that adverse changes in the financial condition of an issuer and/or economic conditions may impair the ability of the issuer or obligor to make payments of principal or interest.

The lack of an established, liquid secondary market for some CDOs (and CDO equity in particular) may have an adverse effect on the market value of those CDOs and will in most cases make it difficult to dispose of such CDOs at market or near market prices. Additionally, the public markets for high-yield corporate debt securities have experienced periods of volatility and periods of reduced liquidity, and CDOs will be subject to certain other transfer

restrictions that may contribute to illiquidity. Therefore, if the Client decides to dispose of any particular CDO, no assurance can be given that it will be able to dispose of such CDO at the prevailing market price, if at all. Such illiquidity may adversely affect the price and timing of liquidations of CDO securities by the Clients.

Subordination of CDO Debt and CDO Equity. A Client's portfolio may consist of CDO equity and subordinate CDO debt. Subordinate CDO debt generally is fully subordinated to the CDO's senior tranches. CDO equity generally is fully subordinated to any CDO debt tranches. To the extent that any losses are incurred by a CDO in respect of its CDO collateral, such losses will be borne first by the holders of the CDO equity, next by the holders of any subordinated CDO debt and finally by the holders of the CDO senior tranches. In addition, if an event of default occurs under the governing instrument or underlying investment while any CDO senior tranches are outstanding the holders thereof generally will be entitled to determine the remedies to be exercised under the instrument governing the CDO. Remedies pursued by such holders could be adverse to the interests of the holders of any subordinated CDO debt and/or the holders of the CDO equity, as applicable.

Hedging Transactions. The Clients may utilize a variety of financial instruments, such as futures, forward contracts, swaps, and options and short positions, generally for risk management purposes in order to (i) protect against possible changes in the market value of the Clients' investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Clients' unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Clients' portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Clients' financial instruments; (vii) protect against any increase in the price of any financial instruments the Clients anticipates purchasing at a later date; or (viii) act for any other reason that the Adviser may deem appropriate. While the Clients may enter into hedging transactions to seek to reduce risk, such transactions may not be fully effective in mitigating the risks in all market environments or against all types of risk (including unidentified or unanticipated risks), thereby incurring losses to the Clients. In addition, such hedging transactions may result in a poorer overall performance for the Clients than if it had not engaged in any such hedging transactions. Moreover, the Adviser may determine not to hedge against, or may not anticipate, certain risks and the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Call Options. The Clients may purchase and sell call options and there are risks associated with the sale and purchase of call options. The seller (writer) of a call option that is covered (*i.e.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. If the seller of the call option owns a call option covering an equivalent number of shares with an exercise price equal to or less than the exercise price of the call written, the position is fully hedged if the option owned expires at the same time or later than the option written. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered

call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss.

The buyer of a call option assumes the risk of losing its entire premium investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security (if the market price of the underlying security declines).

Put Options. The Clients may purchase or sell (write) put options and there are risks associated with the sale and purchase of put options. The seller (writer) of a put option that is covered (*i.e.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is fully hedged if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option, whereas, the buyer of a put option assumes the risk of losing its entire premium investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset, in whole or in part, by any gain on the underlying security.

Short Selling. A Client's investment program may include short selling for certain purposes. Such practice can in certain circumstances substantially increase the impact of adverse price movements on such Client's portfolio. A short sale of equity securities involves the theoretical risk of an unlimited increase in the market price of securities sold short. A short sale of a debt instrument such as a bond involves the theoretical risk of an increase in the market price plus accrued interest. Moreover, short selling is limited to securities that can be borrowed, and it may be necessary to cover short positions at an undesirable time and at undesirable prices because securities that were shorted can no longer be borrowed. In such cases, a Client can be bought in (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Futures Contracts. Clients may invest in futures contracts. The value of futures depends upon the price of the instruments, such as commodities, underlying them. Futures contracts are expected to be used primarily to manage currency and general market risk. The prices of futures are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, investments in futures

are also subject to the risk of the failure of any of the exchanges on which a Client's positions trade or of its clearinghouses or counterparties.

Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations governing daily price fluctuation limits and other daily limits. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Client from promptly liquidating unfavorable positions and subject such Client to substantial losses or from entering into desired trades. In extraordinary circumstances, a futures exchange or the Commodity Futures Trading Commission ("CFTC") could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Forward Trading. Clients may invest in forward transactions. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and cash trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Adviser would otherwise recommend, to the possible detriment of a Client. Market illiquidity or disruption could result in significant losses to such Client.

Swap Agreements and Synthetic Assets. The Clients may acquire exposure to the risk of structured finance securities, debt securities and loans synthetically through products such as credit default swaps (including CDS and CDX contracts), total return swaps, credit linked notes, structured notes, trust certificates and other derivative instruments (each, a "Synthetic Asset"). A Synthetic Asset could take many forms, including a credit derivative transaction that references a structured finance security, debt security and loan or a credit derivative transaction that references a portfolio or index of corporate reference entities or a portfolio or index of reference obligations consisting of structured finance securities, debt securities, bonds or other financial instruments (each, a "Reference Obligation"). Exposure to such Reference Obligations through Synthetic Assets presents risks in addition to those resulting from direct purchases of the assets referenced. The Clients will have a contractual relationship only with the synthetic asset counterparty, and not with the issuer(s) (the "Reference Entity") of the Reference Obligations unless a credit event occurs with respect to any such Reference Obligation, physical settlement applies and the synthetic asset counterparty delivers the Reference Obligation to the Clients. Other than in the event of such delivery, the Clients generally will have no right directly to enforce compliance by the Reference Entity with the

terms of any such Reference Obligation and the Clients will not have any rights of set-off against the Reference Entity. In addition, the Clients generally will not have any voting or other consensual rights of ownership with respect to the Reference Obligation. The Clients also will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. The Clients will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity, as well as the documentation risk associated with these instruments.

In the event of the insolvency of the Synthetic Asset counterparty, the Clients will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the Reference Obligation. Consequently, the Clients will be subject to the credit risk of the Synthetic Asset counterparty, as well as that of the Reference Entity. As a result, concentrations of Synthetic Assets entered into with any one Synthetic Asset counterparty will subject such Synthetic Assets to an additional degree of risk with respect to defaults by such Synthetic Asset counterparty as well as by the respective Reference Entities.

While the Clients expect that returns on a Synthetic Asset may reflect those of each related Reference Obligation, as a result of the terms of the Synthetic Asset and the assumption of the credit risk of the Synthetic Asset counterparty, a Synthetic Asset may have a different expected return, a different (and potentially greater) probability of default and different expected loss and recovery characteristics following a default.

Repurchase and Reverse Repurchase Agreements. A Client may enter into repurchase and reverse repurchase agreements. When a Client enters into a repurchase agreement, such Client effectively sells securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. While the securities are effectively sold, the Client may not be able to vote such securities on issues that may affect the ultimate value of the investment. In a reverse repurchase transaction, a Client effectively buys securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by such Client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Client involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such cases may involve costs to a Client.

Leverage and Borrowing Risks. Certain Clients have the power to borrow funds and may do so when deemed appropriate by the Adviser, including to enhance the Clients' returns and satisfy withdrawal requests that would otherwise result in the premature liquidation of investments. These Clients may borrow funds from brokers, banks and other lenders to finance its investment operations, which borrowings may be secured by assets of the Clients. The use of such leverage can, in certain circumstances, maximize the losses to which the Clients' investment portfolio may be subject. Any event that adversely affects the value of an investment would be magnified to the extent that asset or the Client is leveraged. The cumulative effect of the use of leverage by the Clients in a market that moves adversely to the

Clients' investments could result in a substantial loss to the Clients, which would be greater than if the Clients were not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes. The Clients generally have unrestricted borrowing powers.

The use of margin and short-term borrowings creates several risks for the Clients. If the value of the Clients' securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Clients are unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Clients' position in some or all of the financial instruments that are in the Clients' accounts at the prime broker and cause the Clients to incur significant losses. Furthermore, secured counterparties and lenders may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Clients. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Clients may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under the Clients' agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the Clients.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provide substantial leverage opportunities for the Clients. Relatively small price movements in these financial instruments may result in immediate and substantial losses to the Clients.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Clients interact on a daily basis.

Taxes and Derivatives. The regulatory and tax environment for derivative instruments in which a Client may participate is evolving, and changes in the regulation or taxation of such investments may materially adversely affect the value of such investments and the ability of a Client to pursue its investment strategies.

Counterparty Risk. Some of the markets in which a Client may effect its transactions are over-the-counter or inter-dealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange-based markets. This exposes a Client to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing such Client to suffer a loss. In addition, in the case of a default, a Client could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Client has concentrated its transactions with a single counterparty or small group of counterparties.

Clients are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, a Client has a limited internal credit function which evaluates the creditworthiness of its counterparties. The ability of a Client to transact business with any one or more counterparties, the lack of complete evaluation of such counterparty's financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by such Client.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Adviser establishes on behalf of Clients relationships to obtain financing, derivative intermediation and prime brokerage services that permit such Client to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Adviser will be able to maintain such relationships. An inability to maintain such relationships would limit a Client's trading activities could create losses, preclude such Client from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent such Client from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Adviser establishes additional relationships could have a significant impact on a Client's business due to such Client's reliance on such counterparties.

Furthermore, there is a risk that any of a Client's counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of a Client's counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of such Client's securities and other assets from such Client's prime brokers or broker-dealers will be reduced and/or delayed, or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, a Client may use counterparties located in jurisdictions outside the United States. Such counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to a Client's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on a Client and its assets. Investors in a Client should assume that the insolvency of any counterparty would result in a loss to such Client, which could be material.

A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, a Client has a limited internal credit function which evaluates the creditworthiness of its counterparties. The ability of a Client to transact business with any one or more counterparties, the lack of complete evaluation of such counterparty's financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Client.

Risks of Counterparty Default. The stability and liquidity of repurchase agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transactions. If there is a default by the

counterparty to such a transaction, a Client will under most circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of a Client being less than if such Client had not entered into the transaction.

Bank or Broker-Dealer Insolvency. While care is taken in selecting banks and broker-dealers that will maintain custody of certain of the assets of a Client, there is a residual risk that any of such banks or broker-dealers could become insolvent. Additionally, a large percentage of a Client's assets are held by a limited number of banks and broker-dealers. While most securities and assets deposited with broker-dealers will be clearly identified as being assets of a Client, such Client will be an unsecured creditor with respect to cash balances held with banks and broker-dealers, and hence, such Client may be exposed to a credit risk with regard to such parties.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor Registration Status.

The Adviser and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. While the Adviser may trade a *de minimis* amount of commodity interests, the Adviser is exempt from registration with the CFTC as a Commodity Trading Advisor.

C. Material Relationships or Arrangements with Industry Participants and Affiliated Advisers

In addition to CCM, each of the following entities is an affiliate of the Adviser and serves as the general partner or managing member of a Private Fund as of June 1, 2014:

- Cerberus Asia Associates, L.L.C.
- Cerberus Associates, L.L.C.
- Cerberus AUS Levered Opportunities Master Fund GP, LLC
- Cerberus ICQ Levered Opportunities GP, LLC
- Cerberus Institutional Associates (America), L.L.C.
- Cerberus Institutional Associates AD, L.L.C.
- Cerberus Institutional Associates AN, L.L.C.
- Cerberus Institutional Associates CP, L.L.C.
- Cerberus Institutional Associates HH, L.L.C.
- Cerberus Institutional Associates II, L.L.C.
- Cerberus Institutional Associates OT, L.L.C.
- Cerberus Institutional Associates PW, L.L.C.

- Cerberus Institutional Associates SMRS, L.L.C.
- Cerberus Levered Opportunities GP, LLC
- Cerberus MG GP, LLC
- Cerberus PEM GP, LLC
- Cerberus Real Estate GP III, L.L.C.
- Cerberus RMBS Associates II, L.L.C.
- Cerberus Siguler Guff GP, LLC
- Cerberus EUF 1 GP, LLC
- Cerberus ASRS Credit Opportunities GP, LLC
- Cerberus Associates II, L.L.C.
- Cerberus CMBS Associates, L.L.C.
- Cerberus Institutional Associates CDP IC, L.L.C.
- Cerberus Institutional Associates CT, L.L.C.
- Cerberus Institutional Associates, L.L.C.
- Cerberus Institutional Associates MA, L.L.C.
- Cerberus Institutional Associates SC, L.L.C.
- Cerberus Institutional International Associates, L.L.C.
- Cerberus Levered Opportunities II GP, LLC
- Cerberus NJ Credit Opportunities GP, LLC
- Cerberus Real Estate GP, L.L.C.
- Cerberus RMBS Associates, L.L.C.
- Cerberus RMBS Associates III, L.L.C.
- Styx Associates LLC

Partridge Hill Overseas Management, LLC and Cerberus Capital Management II, L.P., each of which is also a CCM Affiliate, serves as the investment manager to certain Cerberus Clients.

Several CCM Affiliates currently serve as management companies to the Private Funds and provide certain administrative and managerial services to the Private Funds. In addition to the above affiliated general partners, investment managers and management companies, CCM retains and provides compensation to the following CCM Affiliates:

- Cerberus Japan K.K., a Tokyo-based affiliate;
- Cerberus Asia Pacific Advisors Limited, a Hong Kong-based affiliate;
- Cerberus Beijing Advisors Limited, a Beijing-based affiliate;
- Cerberus Deutschland Beteiligungsberatung GmbH, a Frankfurt-based affiliate;
- Cerberus European Capital Advisors, LLP, a London-based affiliate which is registered with the U.K. Financial Conduct Authority;
- Cerberus Iberia Advisors, S.L., a Madrid-based affiliate; and
- Cerberus Global Investment Advisors, LLC, an affiliate with offices in New York and Baarn, The Netherlands.

CCM Affiliates provide advice on Asian, European and other non-U.S. investment opportunities.

With respect to U.S. investment opportunities, CCM retains and provides compensation to the following CCM Affiliates: (i) Cerberus California, LLC, a Los Angeles-based affiliate and (ii) Cerberus Capital Chicago LLC, a Chicago-based affiliate.

For a complete list of all related advisers of the Adviser, see Section 7.A. of Schedule D to the Adviser's Form ADV Part 1.

Ancillary Fees

The Cerberus Advisers may receive directors' fees, break-up fees and other fees in connection with a Cerberus Client's investments. The amount received by the Cerberus Advisers will typically reduce dollar-for-dollar the management fees, incentive fees, incentive allocations or carried interest to be received by the Cerberus Advisers from the Private Funds or managed accounts owning such investments.

Conflicts of Interest

As indicated above, the Adviser and the Cerberus Advisers manage a number of Cerberus Clients, some of which have investment programs that are similar or substantially similar. In addition, the Adviser, CCM or the other CCM Affiliates may in the future establish, sponsor and become affiliated with other pooled investment vehicles and companies that have investment programs that are similar or substantially similar to the investment program of the Clients. As a result of the foregoing, the Adviser, CCM and the other CCM Affiliates and their respective personnel may have conflicts of interest in allocating their time and resources among the Cerberus Clients, in allocating investments among the Cerberus Clients, and in effecting

transactions among the Cerberus Clients, including ones in which the Adviser or its personnel may have a financial interest. Accordingly, the Adviser will devote so much of its time and will allocate the time and resources of its operations team to its Clients as in its judgment the conduct of each Client's account reasonably requires.

In addition, generally, the Cerberus Advisers exercise investment responsibility on behalf of, or directly or indirectly purchase, sell, hold or otherwise deal with, any portfolio investment for the account of multiple Cerberus Clients and multiple businesses. Cerberus Clients, including the Clients, do not have any right to participate in any manner in any profits or income earned or derived by or accruing for the Cerberus Advisers from the conduct of any business or from any transaction in investments effected by the Cerberus Advisers for any account other than its own.

Certain investment opportunities may be suitable acquisitions for one or more Cerberus Clients and the portfolio companies of one or more Cerberus Clients. If a Cerberus Adviser believes, in its discretion, that an investment opportunity is better suited for acquisition by a portfolio company than by one or more Cerberus Clients, the Cerberus Adviser may offer such investment opportunity to the portfolio company. As a result, a Cerberus Client may not participate in such opportunity if such portfolio company is not a portfolio investment of the Cerberus Client, or may be indirectly participating in such opportunity in a different percentage than if such investment opportunity was acquired by the Cerberus Client directly. The Cerberus Advisers seek to have portfolio companies invest in investment opportunities that provide synergies to their existing businesses and assist in the overall profitability of such portfolio company.

A Cerberus Client may engage third-party service providers, including but not limited to underwriters, investment banks and other consultants and agents, in managing the Cerberus Clients' portfolios. Any such third parties will be engaged based on a variety of factors as set forth in the Cerberus Advisers' compliance policies, including but not limited to the perceived quality of service, expertise, reputation and the ability to provide future services to that Cerberus Client or other Cerberus Clients. Such future services may, from time to time, benefit other Cerberus Clients, while not being of any value to that particular Cerberus Client.

To address these potential conflicts of interests in its material relationships, the Cerberus Advisers have adopted policies and procedures, including a Code of Ethics and Business Conduct and the Allocation Policy. For a more detailed discussion of the Code of Ethics and Business Conduct and its allocations and conflicts of interest policies, please see Item 11, "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," below.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Adviser does not anticipate recommending or selecting other investment advisers for the Clients, and does not have other business relationships with any such advisers that create a material conflict of interest.

As described in this Brochure, the Adviser is an affiliate of CCM and the CCM Affiliates. The Adviser, CCM and the CCM Affiliates share resources including, without limitation, personnel, policies, and facilities. As also described in this Brochure, the Adviser, CCM and the CCM

Affiliates have adopted policies and procedures to mitigate and disclose any material conflicts of interest.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

A. Code of Ethics.

The Cerberus Advisers have implemented a personal securities trading policy, which is incorporated by reference into the Cerberus Advisers' Code of Ethics and Business Conduct (the "Code of Ethics"), that prohibits employees from engaging in transactions with respect to the securities of any issuer, public or private, subject to certain limited exceptions. One of the exceptions to the prohibition on personal trading of certain types of securities (generally, governmental securities, money market instruments, money market funds, open-end mutual funds and unit investment trusts) is where employees do not have any opportunity to benefit from any of the private, proprietary or confidential information of the Cerberus Advisers or the Cerberus Clients. In addition, employees may transact in exchange-traded funds and participate in private investments upon advance written notice to and written approval from the Securities Compliance Committee of the Cerberus Advisers. Consistent with the foregoing policies, it is possible that employees of the Cerberus Advisers will purchase or sell securities or other instruments of the type or kind of securities or other instruments also purchased and sold for Cerberus Clients.

The Cerberus Advisers are committed to the highest standards of ethical conduct. In furtherance thereof, the Cerberus Advisers' Code of Ethics designates a Compliance & Risk Management Committee (the "Compliance & Risk Management Committee") charged with the implementation of the Code of Ethics. The Code of Ethics specifies and prohibits certain types of transactions deemed to create actual conflicts of interest, the potential for conflicts, or the appearance of conflicts, and establishes general guidelines for the conduct of the Cerberus Advisers' personnel as well as clearance and/or reporting requirements and enforcement procedures.

In recognition of the trust and confidence placed in the Cerberus Advisers by the Cerberus Clients and investors in the Cerberus Clients, and to give effect to the Cerberus Advisers' belief that their operations should be directed to the benefit of the Cerberus Clients, the Cerberus Advisers, including the Adviser, adopted the following general principles to guide the actions of their employees:

- (i) The interests of the Cerberus Clients are paramount. All employees must conduct themselves and their operations to give maximum effect to this tenet by assiduously placing the interests of the Cerberus Clients before their own.
- (ii) All permitted personal transactions in securities by employees must be accomplished so as to avoid the appearance of a conflict of interest on the part of such personnel with the interests of the Cerberus Clients.
- (iii) All employees must avoid actions or activities that allow a person to profit or benefit from his or her position with respect to the Cerberus Clients or that otherwise improperly bring into question the person's independence or judgment.

- (iv) All employees must report any violation(s) of the Code of Ethics or inappropriate conduct to the Compliance & Risk Management Committee.
- (v) All employees must comply with all applicable laws, rules and regulations, including Federal securities law.

The Cerberus Advisers require that all Cerberus Advisers' personnel avoid any relationship or activity that might impair, or even appear to impair, such individual's ability to make objective and fair decisions when performing job functions. The Code of Ethics prohibits Cerberus Advisers' personnel from using Cerberus Advisers' property or information for personal gain or personally taking for themselves any opportunity that is discovered through their position at the Cerberus Advisers. The Code of Ethics further requires that employees disclose any situation, including situations pertaining to the employee's family members, which reasonably could be expected to give rise to a conflict of interest. The Code of Ethics also contains general prohibitions against fraud, deceit and manipulation, as well as additional restrictions and requirements regarding gifts, entertainment and outside activities.

The Cerberus Advisers have adopted a Securities Compliance Policy and have designated a Securities Compliance Committee charged with the implementation of such Policy. The Securities Compliance Policy sets forth, among other things, policies and procedures regarding material nonpublic information and proprietary Cerberus Adviser information and employee accounts and trading. The policies and procedures contained in the Securities Compliance Policy are designed to (a) provide for the proper handling of both material nonpublic information about companies or other issuers and proprietary information of the Cerberus Advisers, (b) prevent violations of laws and regulations prohibiting the misuse of material nonpublic information about companies or other issuers and/or proprietary information of the Cerberus Advisers, and (c) avoid situations that might create an appearance that material nonpublic information about companies or other issuers or proprietary information of the Cerberus Advisers has been misused. In furtherance thereof, the Securities Compliance Policy prohibits employees from misusing material nonpublic information and/or nonpublic proprietary information, and sets forth general and specific procedures to restrict the flow of material nonpublic information from employees performing investment, transactional, lending, finance, private research and/or private analysis activities at the Cerberus Advisers to employees responsible for or involved in the securities trading activities of the Cerberus Advisers.

Notwithstanding the internal screen procedures set forth in the Securities Compliance Policy, there may be certain instances where the Cerberus Advisers receive material nonpublic information due to their various activities on behalf of the Cerberus Clients and are restricted from purchasing or selling securities or other instruments for the Cerberus Clients. The Cerberus Advisers seek to minimize those cases whenever possible, consistent with applicable law and the Securities Compliance Policy, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

The Securities Compliance Policy is incorporated by reference to the Code of Ethics. The Adviser will provide a copy of the Code of Ethics to any Client or prospective client upon request.

The Cerberus Advisers' personnel are required to certify to their compliance with the Code of Ethics, including the Securities Compliance Policy, on an annual basis.

B. Securities That the Adviser or a Related Person Has a Material Financial Interest.

From time to time, the Cerberus Advisers may, on behalf of Cerberus Clients, engage in cross trades. Such cross trades will be executed at the market price (or fair value) consistent with any required approvals and with valuation procedures established by the Cerberus Advisers and the relevant Cerberus Clients for the securities or other instruments being purchased and sold. The Cerberus Advisers have implemented policies and procedures to ensure that cross trades are, in the reasonable determination of the Cerberus Advisers, in the best interests of each transacting Cerberus Client. The Cerberus Advisers will receive no transaction-based compensation in connection with cross trades (other than incentive allocations/fees and management fees received in the ordinary course of business). In addition, cross trades generally will be effected without brokerage commissions being charged. To the extent a cross trade may be viewed as a principal transaction due to the ownership interest in a Cerberus Client by the Cerberus Advisers or their employees, the Cerberus Advisers will either not effect such transactions or comply with the requirements of Section 206(3) of the Investment Advisers Act of 1940 (the "Advisers Act"), including that the Cerberus Advisers will notify Cerberus Clients (or an independent representative of the Cerberus Clients) in writing of the transaction and obtain the consent of Cerberus Clients (or an independent representative of the Cerberus Clients). Any cross trade which includes the Allocated Portion will comply with the restrictions on affiliate transactions in the sub-advisory agreement between the Adviser and the Delegating Adviser and the Investment Company Act.

From time to time, a Cerberus Client may enter into a participation agreement granting an economic interest with respect to an investment in exchange for value to one or more other Cerberus Clients in accordance with a pre-arranged allocation schedule. There are a number of reasons why the Cerberus Advisers might pre-arrange an arrangement where an investment opportunity is participated between or among Cerberus Clients at the time of an investment rather than allocate such investment directly to each participating Cerberus Client. The Cerberus Advisers do not consider such a pre-arranged participation arrangement between or among Cerberus Clients to constitute a cross trade for purposes of the Advisers Act.

C. Investing in Securities That the Adviser or a Related Person Recommends to Clients.

See response to Item 11(A).

D. Conflicts of Interest Created by Contemporaneous Trading.

The Adviser and the CCM Affiliates continuously examine and modify their policies and procedures, including, without limitation, those governing investment allocations and other policies and procedures described in the Adviser's Brochure, to best achieve the Cerberus Advisers' goal of fair and equitable treatment of all advisory clients (and investors therein) in light of the Adviser's and the CCM Affiliates' then current operations and market environment.

The Cerberus Advisers manage investments on behalf of a number of Cerberus Clients. Certain Cerberus Clients have investment programs that are similar to or overlap with each other, and, therefore, such Clients may participate with each other in investments. All such investments, and the allocation thereof among Cerberus Clients, are made pursuant to the Adviser's Allocation Policy, subject in all cases to applicable law. The following summarizes the material terms of the Allocation Policy with respect to the purchase and sale of investments by the Cerberus Advisers for each Cerberus Client.

Investment decisions and allocations are not necessarily made in parallel among all Cerberus Clients. If an investment is appropriate for one or more of the Cerberus Clients, the investment generally will be allocated among such Cerberus Clients pro rata based upon the available investment capital of each such Cerberus Client in relation to the pre-determined target percentages for such type of investment for each Client eligible to participate in such investment.

The available investment capital of each Cerberus Client (i) that is structured as a private equity or commitment fund is (x) during its fundraising period, the aggregate capital committed to such Cerberus Client as of the most recent practical date and (y) after the closing of such Cerberus Client's fundraising period, the aggregate capital committed to such Cerberus Client as of the final closing of its fundraising period, and (ii) that is structured as a hedge or liquid fund is its net asset value at the time of the investment.

The available investment capital for each Cerberus Client is increased by the amount of financing available to such Cerberus Client, if any, pursuant to a fixed financing arrangement.

To the extent any Cerberus Client does not have sufficient capital available to fund its pro rata allocation of any particular investment (whether as a result of such Cerberus Client's existing investments, commitments for future investments, reserves for anticipated future cash needs, or otherwise), such Cerberus Client will participate in such investment only to the extent of its capital available to do so, and any excess amount that otherwise would have been allocated to such Cerberus Client for such investment will instead be allocated to other Cerberus Clients, as applicable, as described above.

The initial allocation of any investment among Cerberus Clients may be subject to subsequent adjustment within the forty-five (45) day period immediately following such investment to reflect any adjustments in the Cerberus Clients during such period (such as increases in capital or leverage commitments) that would normally be taken into consideration at the time of such investment allocation.

Follow-on investments, hedging transactions and re-securitization transactions, as they may be described or defined from time to time in the governance documents and/or offering documents for each Cerberus Client, generally are allocated pro rata in accordance with the holdings of each Cerberus Client of the underlying or related investment, securities or instruments.

Sale, transfer, disposition and other similar transactions with respect to the securities, instruments and other assets owned by the Cerberus Clients generally are allocated pro rata in accordance with the holdings of each Cerberus Client of the securities, instruments or other

assets being sold, transferred or disposed of as of the time of such sale, transfer or other disposition.

The Cerberus Advisers in their sole discretion may make non-pro rata allocations, sales, transfers, dispositions and similar transactions among Cerberus Clients based upon a wide variety of factors, including, among other things, portfolio composition and risk management considerations, investment concentration limits, financing or leverage limitations, tax and regulatory considerations, and a wide variety of other factors applicable to one or more Cerberus Clients. Further, an investment opportunity or investment disposition may, in the discretion of the Cerberus Advisers from time to time, be allocated in a manner other than in accordance with the foregoing based on a variety of considerations deemed appropriate and consistent with the fiduciary obligations of the Cerberus Advisers to each Cerberus Client.

To the extent of any inconsistency between the Allocation Policy and the governance documents of any Cerberus Client (or any other agreements that set forth the terms and conditions applicable to such Client, including, without limitation, the applicable sub-advisory or other agreements between the Adviser and the Delegating Adviser), the terms of such governance documents (and/or such other agreements) govern and control.

Investments may from time to time be structured (including for tax, regulatory and other considerations) so that one Cerberus Client receives loans or financings from, or makes loans or financings to, another Cerberus Client. In addition, the Cerberus Advisers may from time to time cause one or more Cerberus Clients to purchase a security, interest or other asset from, or sell a security, interest or other asset to, one or more other Cerberus Clients, subject to any limitations in such Cerberus Clients' organizational documents.

Cerberus Clients may invest in different layers of the capital structure of various issuers and/or borrowers. For example, one or more Cerberus Clients may own debt of an issuer/borrower while other Cerberus Clients may own a different tier of debt in the same issuer/borrower or equity of the same issuer/borrower. Furthermore, certain Cerberus Clients may participate in debt originated to finance the acquisition by the Cerberus Clients of an equity or other interest in an issuer. To the extent a restructuring, work-out, bankruptcy, reorganization or other material corporate or liquidity event were to occur with respect to such issuer/borrower, conflicts could develop between senior debt holders and junior debt holders, or between debt holders and equity holders and, accordingly, between certain Cerberus Clients. The Cerberus Advisers seek to resolve such conflicts of interest in a fair and equitable manner.

Certain Cerberus Clients may invest in issuers or other assets in which other Cerberus Clients already have an investment. A Cerberus Client may provide follow-on funding with respect to an investment, which may benefit such Clients and other Cerberus Clients. There can be no assurance that a Cerberus Client will wish to or be able to make a follow-on investment, and the inability to make such follow-on investment may result in dilution of such Cerberus Client's initial investment or harm other Cerberus Clients that already have an investment in such issuer. Moreover, a Cerberus Client will not make a follow on investment unless the Cerberus Advisers believe the investment is consistent with such Cerberus Client's investment program.

In structuring all such transactions, the Cerberus Advisers consider the separate interests of each Cerberus Client, and effect such transactions consistent with the fiduciary obligations of the Cerberus Advisers separately to each Cerberus Client and the Advisers Act, as applicable.

As a result of what may be non-pro rata allocations as described herein, Cerberus Clients managed by the Cerberus Advisers may produce results that are materially different from each other.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

With respect to the Allocated Portion, the Adviser, subject to the terms of the applicable sub-advisory and other agreements between the Adviser and the Delegating Advisers, has the authority to choose the broker or dealer to be used in purchases or sales conducted on behalf of the Clients.

The Cerberus Advisers will effect transactions with brokers that (with respect to U.S. securities) are registered with the SEC and are members of the Financial Industry Regulatory Authority. The Cerberus Advisers will select brokers on the basis of their ability to provide best execution (including both the trade price and commission and a variety of other factors).

Investors in the Clients may include investors affiliated with brokers or, possibly, brokerage firms themselves. The fact that any such investor has invested in a Client will not be taken into consideration in selecting brokers (including prime brokers).

1. Research and Other Soft Dollar Benefits.

The Cerberus Advisers have not entered into written soft dollar arrangements. The Cerberus Advisers will attempt to negotiate the lowest available commission rates commensurate with the assurance of reliable, high quality brokerage services; however, the Cerberus Advisers may select brokers that charge a higher commission or fee than another broker would have charged for effecting the same transaction; provided, that the selection of a broker will be made on the basis of best execution, taking into consideration various factors, including commission rates, reliability, financial responsibility, strength of the broker and the ability of the broker to efficiently execute transactions, the broker's facilities, and the broker's provision or payment of the costs of research and other services or property that are of benefit to the Cerberus Advisers or other Cerberus Clients to which the Cerberus Advisers provide investment services; provided, further, that the Cerberus Advisers may be influenced in their selection of brokers by their provision of other services, including, without limitation, capital introduction, marketing assistance, consulting with respect to technology, operations, equipment and office space, and other services or items. Such execution services, research, investment opportunities or other services may be deemed to be soft dollars. As noted above, however, the Cerberus Advisers have not entered into written soft dollar arrangements. The Cerberus Advisers do not generate soft dollar credits that may be applied to goods or services through the trading or other activities of the Cerberus Clients.

The provision by a broker of research and other services and property to the Cerberus Advisers creates an incentive for the Cerberus Advisers to select such broker since the Cerberus Advisers would not have to pay for such research and other services and property as opposed to solely seeking the most favorable execution for a Cerberus Client. Any research, services or property provided by a broker may benefit any Cerberus Client of the Adviser and such benefits may not

be proportionate to commission dollars related to the provision of such research, services or property.

2. Brokerage for Client Referrals.

As discussed above, subject to best execution, the Cerberus Advisers may consider, among other things capital introduction, marketing assistance, consulting with respect to technology, operations, equipment and office space, and other services or items in selecting broker-dealers for Client transactions. The Cerberus Advisers do not receive Client or investor referrals in exchange for brokerage business.

3. Directed Brokerage.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer.

B. Aggregated Orders for Various Client Accounts.

If the Cerberus Advisers determine that the purchase or sale of the same security is in the best interest of more than one Cerberus Client, the Cerberus Advisers may, but are not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Cerberus Client will receive the average price with transaction costs allocated *pro rata* based on the size of each Cerberus Client's participation in the order as determined by the Cerberus Advisers. In the event of a partial fill, allocations generally will be made on a *pro rata* basis on the initial order but may be modified on a basis the Cerberus Advisers deem appropriate, including for example, in order to avoid odd lots or *de minimis* allocations.

C. Trade Errors.

Trade errors may occur as a result of mistakes made on the part of an executing broker, or mistakes on the part of Cerberus Adviser personnel, including but not limited to portfolio managers, traders and operations staff. Trade errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system, failures of oral communication between and among investment staff, trading staff and operations staff, or typographical or drafting errors related to derivatives contracts or similar agreements. To the extent that errors occur, the Cerberus Advisers maintain and implement trade error policies and procedures. In accordance with such policies and procedures, (i) any trade errors are promptly and appropriately reviewed, evaluated and resolved, (ii) any gains or losses resulting therefrom are allocated properly as between the applicable Cerberus Adviser, the applicable Cerberus Client and, where applicable, third parties, and (iii) all such allocations are consistent with the applicable Cerberus Adviser's contractual, legal and fiduciary obligations to the applicable Cerberus Client, whether pursuant to the governance and constituent documents of such Cerberus Client, the agreements between such Cerberus Adviser and such Cerberus Client, the Advisers Act, and/or other laws rules and regulations applicable to the Cerberus Advisers and the Cerberus Clients. The Cerberus Advisers strive to correct all trade errors prior to settlement. Should a trade error occur, the details of the error and its resolution are memorialized in the Cerberus Advisers' books and records.

In accordance with the exculpation and indemnification provisions contained in the applicable sub-advisory and other agreements between the Adviser and the Delegating Advisers, all losses resulting from trade errors (that are not reimbursed by third parties, such as executing brokers) caused by the negligent action or negligent omission of the Adviser or its agents shall be borne by the affected Client, and not the Adviser. All gains in a Client's account resulting from trade errors shall remain in the Client's account for the benefit of the Client.

D. Allocation Errors.

The Cerberus Advisers seek to confirm that the proper allocations are made across the Cerberus Clients for all investment opportunities, which allocations are made subject in all respects to applicable law and, in the case of the Clients, certain specified guidelines and/or trading restrictions set forth in the applicable sub-advisory and other agreements between the Adviser and the Delegating Advisers. However, should an error be made with respect to the allocation of a particular investment opportunity, the Cerberus Advisers will seek to correct such error, where possible, to put each Cerberus Client involved in such allocation error in the same place as it would be if such error had not occurred. Should an error be made with regard to the allocation of a particular investment opportunity, the details of the error and its resolution are memorialized in the Cerberus Advisers' books and records.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

The Cerberus Advisers perform various daily, monthly, quarterly and other periodic reviews of the Cerberus Clients' portfolios. Daily reviews include account liquidity monitoring by the Cerberus Advisers' risk personnel and members of the Financial Risk Management Sub-Committee, as well as trade reviews by the Cerberus Advisers' Chief Compliance Officer and various personnel in Operations, Trading and Compliance. Monthly reviews include portfolio valuation, price validations and account concentration monitoring by the Cerberus Advisers' Chief Financial Officer and risk personnel. Quarterly reviews include portfolio valuation reviews by the Cerberus Advisers' Valuation Committee.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

A review of the Allocated Portion may be triggered by any suspicious or unusual activity or special circumstances.

C. Content and Frequency of Account Reports to Clients.

The Adviser or other Cerberus Advisers will provide periodic reports to the Delegating Adviser, including financial, performance and other information. The Adviser will respond to the Delegating Adviser's request for additional information, while maintaining the confidentiality of sensitive non-public and proprietary information related to the operations and investments of the Cerberus Advisers and the Cerberus Clients.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services to the Clients.

B. Compensation to Non-Supervised Persons for Client Referrals.

While CCM and the CCM Affiliates may enter into arrangements with third party placement agents, distributors or others to solicit investors or clients, the Adviser does not anticipate entering into any such arrangements.

ITEM 15
CUSTODY

The Adviser will not have custody of any funds or securities of the Clients.

ITEM 16
INVESTMENT DISCRETION

Subject to investment guidelines set forth in the applicable sub-advisory and/or other agreements between the Adviser and the Delegating Adviser, the Adviser has been appointed as a sub-adviser to the Clients, with discretionary trading and investment authorization over the Allocated Portion.

ITEM 17
VOTING CLIENT SECURITIES

The Adviser will not be responsible for voting proxies for the Clients.

ITEM 18
FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.