



# CONTRARIAN CAPITAL MANAGEMENT, L.L.C.

*U.S. and Global Distressed Investing*

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*GREENWICH – PARIS – SÃO PAULO – HONG KONG*

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March 31, 2015

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This brochure provides information about the qualifications and business practices of Contrarian Capital Management, L.L.C. (the "Adviser"), an investment adviser registered with the United States Securities and Exchange Commission (the "SEC"). If you have any questions about the contents of this brochure, please contact us at (203) 862-8200. This information has not been approved or verified by the SEC or by any state securities authority.

Additional information about Contrarian Capital Management, L.L.C. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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#### **Item 4. Advisory Business**

The Adviser is an investment adviser with its principal place of business in Greenwich, Connecticut. The Adviser commenced operations as an investment adviser in 1995 and has been registered with the SEC since December 15, 1995. Jon Bauer is the principal owner of the Adviser. The other owners of the Adviser are Janice Stanton and Gil Tenzer.

The Adviser provides advisory services on a discretionary basis to its clients, which include (i) institutional investors and (ii) pooled investment vehicles. The Adviser's investment advisory services focus on a multi-strategy approach to investing in distressed securities portfolios, including corporate, real estate and non-U.S. securities, high yield securities, senior secured obligations, trade claims and equity securities. The Adviser's advisory services focus on selecting investments primarily in special situations including, but not limited to, marketable and nonmarketable securities and other obligations (such as bank loans, promissory notes, mortgages, and other evidences of indebtedness, as well as accounts payable to trade creditors and judgment pools) of financially distressed companies or companies in bankruptcy proceedings. The Adviser also provides advice concerning transactions related to extraordinary corporate events such as mergers, rights offerings, divestitures, share repurchases and spin-offs. Moreover, the Adviser provides advice concerning other types of investments, including securities and other assets (including real estate) which appear to be undervalued.

The Adviser provides advice to client accounts based on specific investment objectives and strategies. Under certain circumstances, the Adviser may agree to tailor advisory services to the individual needs of a client.

Clients may impose restrictions on investing in certain securities or certain types of securities.

As of December 31, 2014, the Adviser had approximately \$4,229,588,000 regulatory assets under management, all of which is managed on a discretionary basis.

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## Item 5. Fees and Compensation

Generally, the Adviser charges each client an investment management fee based on the value of the client's assets under management ranging from 1.0% to 1.5% per annum. In certain circumstances, the investment management fee may be based on capital commitments or unreturned invested capital.

Generally, investment management fees are charged each quarter in advance based on the total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new client account is established during a quarter or a client makes an additional contribution to its account during a quarter, the investment management fee will be charged as of the effective date of the investment management agreement or the date of such additional contribution based on the value of the assets as of the applicable date and will be prorated for the number of days remaining in the quarter.

If the advisory contract is terminated or a withdrawal is made from the account before the end of a quarter, the amount of investment management fees refunded will be determined on a pro rata basis calculated based on the number of days remaining in the quarter.

The Adviser, its members and related entities, and their respective partners, directors and employees may invest in the Adviser's private investment funds without being subject to any management fees. In certain circumstances, the Adviser has agreed to lower the management fee payable by certain affiliated strategic investors. In addition, these fees may be negotiable for separately managed account clients.

The Adviser will also be paid performance-based compensation (either as a performance fee or allocation), which is compensation that is based on a share of capital gains on, or capital appreciation of the assets of a client (e.g., a private fund or other pooled investment vehicle). This compensation will be allocated to the Adviser or to a related person of the Adviser and will generally equal 20%. Under certain circumstances, receipt of performance-based compensation may be subject to a preferred rate of return.

The Adviser, its members and related entities, and their respective partners, directors and employees may invest in the Adviser's private investment funds without being subject to any performance-based compensation. In certain circumstances, the Adviser has agreed to lower the performance-based compensation payable by certain affiliated strategic investors. In addition, the performance-based compensation may be negotiable for separately managed account clients.

The Adviser may invest the assets of a client in a private investment fund managed by the Adviser in order to gain exposure to a particular investment strategy. In such cases, the Advisor would not receive investment management fees or performance-based compensation with respect to such investment at both levels.

Investment management fees are deducted on a quarterly basis from client accounts by the third party administrator or the Adviser, as applicable.

In addition to paying investment management fees and performance-based compensation, client accounts will also be subject to other investment related expenses which may include legal, audit and accounting expenses, administrator fees and expenses, organizational expenses, out-of-pocket travel expenses incurred in connection with research of investment opportunities for the client account, the client account's allocable share of expenses of regulatory compliance, filings and reporting (including but not limited to Form PF, Section 13 and 16 filings) to the extent they are in connection with, relate to or derive

from the client account or its investment activities, investment expenses such as commissions, research fees, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, and any other reasonable expenses related to the purchase, sale or transmittal of the assets of the client account. Client assets may be invested in a master-feeder structure. Feeder funds bear a pro rata share of the expenses associated with the related master fund. In addition, clients will incur brokerage and other applicable transaction costs. Please refer to Item 12 of this brochure for a discussion of the Adviser's brokerage practices.

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

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. The Adviser is allocated performance-based compensation by its private pooled investment vehicle clients. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. Certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account.

The Adviser has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all client accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed client accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed client accounts (or portions of client accounts) participate in investment opportunities pro rata based on asset size (unless a client has instructed the Adviser not to invest in a certain company or asset class, or certain factors or special circumstances described below are deemed to be applicable) and require that, to the extent orders are aggregated, the client orders are price-averaged. Investment opportunities may be allocated disproportionately, however, to a client account during its initial investment period due to significant cash balances and the need to establish invested positions, notwithstanding that other client accounts may have capital available for investment.

In addition, Contrarian Capital Trade Claims, L.P. ("Trade Claims") may be allocated up to 50% of each trade claim purchase until Trade Claims has a 3% position and then such opportunities will be allocated to the other client accounts based on capital. Furthermore, 100% of all trade claim purchases that are \$100,000 or less of market value will be allocated to Trade Claims. Contrarian Emerging Markets, L.P. ("Emerging Markets") may be allocated up to 50% of each opportunity in an emerging market country and/or issuer that Emerging Markets is also participating in until Emerging Markets has a 3% position and then such opportunities will be allocated to the other client accounts based on capital. Contrarian Distressed Real Estate Debt Fund II, L.P. and Contrarian Distressed Real Estate Debt Fund II Offshore, L.P. will be allocated 100% of each private real estate debt transaction, but at least 50% of any co-investment opportunity generated by such transactions will be made available to other client accounts of the Adviser. Investment opportunities for Contrarian Opportunity Fund, L.P. ("COF") and each other client account that participates in such investment opportunity will be allocated based on the capital in each portfolio except that COF will be deemed to have two times its capital for the purposes of such allocation.

The following factors, among others, may additionally be taken into account by the Adviser in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. The Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's allocation committee.

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**Item 7. Types of Clients**

The Adviser's clients consist of (i) institutional investors (e.g., pension or profit-sharing plans subject to ERISA, endowments, foundations, insurance companies, fund-of-funds and family offices); and (ii) pooled investment vehicles such as private investment limited partnerships formed or advised by the Adviser and offshore corporations to which the Adviser acts as the investment manager.

With respect to any client that is a pooled investment vehicle, any initial and additional subscription minimums are disclosed in the offering memorandum for the pooled investment vehicle. The minimum size for non-pooled investment vehicles is determined by the Advisor on a case-by-case basis.

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

The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis, cyclical analysis as well as the use of quantitative tools and investment approaches, or technical analytical tools and approaches. The Adviser employs the following investment strategy:

Distressed Investing. Distressed investing is a specialized version of value investing. Like pure value investors, the Adviser seeks to invest in securities (including corporate, real estate, non-U.S. and high yield) that trade at a significant discount to their underlying values. Rather than employing the buy and hold strategy characteristic of pure value investors, the Adviser looks for an event, usually during the balance sheet restructuring process that allows the Adviser to capture the undervaluation spread. Distressed securities are the securities of companies or assets which are, or are perceived to be, in financial trouble. Whether or not these companies are in default or bankruptcy, their securities are selling at steep discounts to their face value. Certain client accounts will seek to exercise significant influence over each issuer in which the client account invests by engaging in negotiations with the issuer or its management, participating in formal or ad hoc committees, participating in litigation, obtaining membership on an issuer's board of directors or by other similar means.

This strategy involves risk of loss to clients and clients must be prepared to bear the loss of their entire investment. The material risks associated with the Adviser's investment strategy are set forth below:

*Distressed Situation Risk.* Investment in distressed situations exposes the client to significant risks, including: the difficulty in obtaining information as to the issuer's true condition; regulatory risk, including laws relating to fraudulent conveyances, voidable preferences, lender liability and bankruptcy; litigation risk; liquidity risk; and collection risk (especially, when dealing with sovereign debt). Moreover, to the extent client accounts are invested in sovereign debt obligations, those investments will be subject to additional risks and considerations not present in private distressed situations, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which are affected by world events, changes in U.S. foreign policy and other factors outside of the control of the Adviser.

*Hedging.* There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for client's investment portfolios than if the Adviser did not engage in any such hedging transactions.

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

*Issuer-Specific Changes.* Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.



*High Yield Securities.* Client accounts may invest in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

*Lack of Diversification.* Client accounts are not required to be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

*Short Selling Risk.* The Adviser's investment program may include short selling. Short selling transactions expose client accounts to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein a client account might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

*Control Positions; Provision of Managerial Assistance.* Client accounts may own a controlling stock in, obtain rights to participate substantially in and to influence substantially the conduct of the management of the issuers in which they invest. On behalf of client accounts the Adviser may designate directors (and non-executive chairmen) to serve on the boards of directors or creditors committees of issuers. To the extent that a client account owns a controlling stake in, has representatives on a board of directors or creditors committee or is deemed an affiliate of, a particular company, it may be subject to certain additional bankruptcy or securities laws restrictions. These restrictions which could affect both the liquidity of the client's interest and the ability to liquidate its interest without adversely impacting the stock price, include insider trading restrictions, affiliate sale restrictions and the disclosure requirements under the federal securities laws. In addition, to the extent that affiliates of the client or the Adviser are subject to such restrictions, the client, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the client stands to benefit from such affiliate's stock ownership.

Risks associated with the types of investments that are primarily recommended (including significant, or unusual risks) are set forth below.

*Asset-Backed Securities.* Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. In addition, asset-backed securities experience credit risk. There is also the possibility that recoveries on repossessed collateral may not be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

*Derivatives.* Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments require a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by the client or the Adviser. Further, transactions in derivative instruments may not be undertaken or cleared on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

*Distressed Securities.* Investments in unrated or low grade debt securities of distressed companies are subject to greater risk of loss of principal and interest than higher-rated debt securities. Also, securities of distressed companies are generally more likely to become worthless than the securities of more financially stable companies. In addition, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

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

*Illiquid Instruments; Valuation.* Client assets may be invested in securities or instruments which are illiquid or very thinly traded. For example, certain instruments, such as trade claims, may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on

market price and the Adviser's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a client's portfolio and third party pricing information may not be available for certain client securities or instruments.

*Non-U.S. Securities.* Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Real Estate.* Client accounts may invest in debt backed by real estate and may own real estate directly following a foreclosure or similar event. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of a client account's assets or its underlying collateral. The cash flow and value of client account's assets will depend on many factors beyond the control of the Adviser, including, without limitation: changes in general economic or local conditions; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); changes in interest rates; the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds, which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters and terrorist attacks.

*REITs.* REITs in which the Adviser invests client accounts are affected by underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Adviser invests concentrate investments in particular geographic regions or property types. Investments in REITs are also subject to the risk of interest rate volatility. Further, rising interest rates will cause investors in REITs to demand a higher annual yield from future distributions, which will in turn decrease market prices for equity securities issued by REITs. REITs are subject to risks inherent in operating and financing a limited number of projects because they are dependent upon specialized management skills, and have limited diversification. REITs depend generally on their ability to generate cash flow to make distributions to investors.

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**Item 9. Disciplinary Information**

A complaint was unsealed on October 29, 2014 charging the Adviser's former controller with wire fraud relating to embezzlement of amounts from a special purpose entity that the Adviser uses to settle certain private transactions. The former controller misappropriated approximately \$9.2 million over a period of years and also engaged in unauthorized foreign exchange activities that resulted in losses of approximately \$2.8 million. The full amount of the former controller's misconduct, which totaled approximately \$12 million, was reimbursed by the Adviser. The Adviser referred the matter to the U.S. Attorney for the District of Connecticut and self-reported to the SEC. On January 29, 2015, the former controller pleaded guilty to one count of wire fraud and his sentencing is currently scheduled for April 24, 2015.

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

Each of the limited partnerships or private funds for which the Adviser serves as general partner or investment manager has and may in the future enter into agreements, or "side letters," with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for the partnership or fund. For example, such terms and conditions may provide for special rights to make future investments in the partnership, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the partnership on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the partnership or fund and such limited partners or shareholders. The modifications are solely at the discretion of the partnership or fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the partnership or fund, across multiple partnerships or funds or affiliated investment entities, an agreement by a limited partner or shareholder to maintain such investment in the partnership or fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the partnership or fund.

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

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Gina N. Scianni (the "Chief Compliance Officer") by email at [gscianni@contrariancapital.com](mailto:gscianni@contrariancapital.com) or by telephone at (203) 862-8200. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

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

The Adviser does not engage in principal transactions.

As a general matter, the Adviser's personnel are not permitted to engage in personal transactions for their personal securities accounts other than to invest in open-end investment companies (mutual funds) through the Adviser's 401(k) Plan or otherwise. In certain cases, the Chief Compliance Officer may make an exception to this general policy and to ensure that any permitted trading by the Adviser's personnel is conducted in a manner that does not adversely affect the Adviser's clients and in recognition of the fiduciary duty owed by the Adviser to its clients, the Adviser's Code contains policies governing personal securities transactions.

The Adviser requires its related persons to preclear all transactions (other than in open-end investment companies, dividend reinvestment programs and non-discretionary accounts) in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one or more of its clients.

In addition, the Adviser's Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the client accounts and reviewed against the restricted securities list.

To the extent that the Adviser or a related person or any of their employees own securities that the Adviser or its related person also recommends to clients, such clients' proxies will be voted according to predetermined guidelines rather than subject to the Adviser's (or its related person's) discretion. Please refer to Item 17 for further information regarding the Adviser's proxy voting policy and procedures.

The Adviser or a related person may not execute a personal securities transaction in a personal account on a day during which the Adviser, on behalf of a client account, (i) executes a transaction in that security or (ii) has a pending "buy" or "sell" order for that security.

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**Item 12. Brokerage Practices**

The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, among others, financial stability of the broker-dealer; the actual executed price of the security and the broker-dealer's commission rates; research, if any; custodial and other services provided by such broker-dealers that are expected to enhance the Adviser's general portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the broker-dealer's ability to handle difficult trades; the operational facilities of the brokers and/or dealers involved (including back office efficiency); and the ability to handle a block order for securities and distribution capabilities. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. The Adviser's head trader the Chief Compliance Officer and other personnel of the Adviser, as necessary, conduct a quarterly evaluation of the broker-dealers used by the Adviser to execute client trades using the foregoing factors.

The Adviser may receive research or brokerage from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. The Adviser has no soft dollar arrangements in place. To the extent the Advisor may enter into soft dollar arrangements in the future, the Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by the Adviser or recommend these private funds as an investment to clients. The Adviser may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any other product managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs.



The Adviser often purchases or sells the same security for many clients using the same executing broker. It is the Adviser's practice, where possible, to aggregate client orders for the purchase or sale of the same security submitted for execution using the same executing broker. Such aggregation may enable the Adviser to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, the Adviser allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order and in accordance with the Adviser's general allocation policy. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated pro rata among the participating accounts, based on the purchase or sale order.

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**Item 13. Review of Accounts**

Each client account is reviewed by the portfolio manager of the Adviser, on an ongoing basis to determine whether securities positions should be maintained in view of current market conditions. Client accounts are also reviewed on a quarterly basis by the Adviser's Chief Risk Officer. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

Each client that is a separately managed account will receive a monthly report depicting account performance and activity. Such reports may be delivered electronically to the client.

A client's investors receive reports from the client pursuant to the terms of each client's offering memoranda or as otherwise described in the offering document of the client.

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**Item 14. Client Referrals and Other Compensation**

The Adviser has no soft dollar arrangements in place. To the extent the Advisor may enter into soft dollar arrangements in the future, the Adviser intends to stay within the Section 28(e) safe harbor. Furthermore if the Adviser were to adopt soft dollar arrangements in the future, the Chief Compliance Officer would review such arrangements and determine whether specific disclosure must be provided to clients regarding these arrangements and the attendant conflicts of interest.

The Adviser may make cash payments to third-party solicitors for client referrals. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

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**Item 15. Custody**

The Adviser and certain affiliated entities are deemed to have custody of client assets due to serving as the managing member to limited liability company clients or as the general partner to limited partnership clients. Each of the Adviser and its affiliates intends to comply with Rule 206(4)-2 under the Advisers Act, by meeting the conditions of the pooled vehicle annual audit provision.

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**Item 16. Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming full discretion in managing a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines); and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, it is to be (i) corrected as soon as practicable; and (ii) reported to the Chief Compliance Officer. After a complete investigation and evaluation of the circumstances surrounding an error, the Adviser has discretion to resolve a particular error on a case-by-case basis. In the event of any trade error, an explanatory memorandum will be prepared and maintained by the Chief Compliance Officer.

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**Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients.

The Adviser generally votes in favor of routine corporate housekeeping proposals and has adopted specific guidelines with respect to proposals relating to the election of directors, appointment of auditors, changes in capital structure, corporation restructurings, mergers and acquisitions, proposals affecting shareholder rights, corporate governance, anti-takeover measures and executive compensation. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Adviser's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Gina N. Scianni (Chief Compliance Officer) by email at [gscianni@contrariancapital.com](mailto:gscianni@contrariancapital.com) or by telephone at (203) 862-8200.

The Adviser has authority to vote proxies with respect to client securities. Clients are asked not to contact the Adviser with questions about a particular solicitation.

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**Item 18. Financial Information**

This Item is not applicable.

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**Appendix, Item 2: Material Changes**

With respect to the annual update of this brochure dated March 31, 2015, the following reflect material changes since the last annual update of this brochure:

- (i) On October 31, 2014, this brochure was amended to add disclosure to Item 9.
- (ii) In addition to the material changes disclosed above, this brochure has been updated for routine updating changes.