

Part 2A of Form ADV: Firm Brochure

CMS Fund Advisers, LLC

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This brochure provides information about the qualifications and business practices of CMS Fund Advisers, LLC. If you have any questions about the contents of this brochure, please contact us at 610-896-3000 or ram@cmsco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Additional information about CMS Fund Advisers, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This brochure was reviewed and updated in connection with our required annual review of our ADV materials in March 2015. Since our annual filing in 2014, a summary of material changes follows:

The Firm now has Regulatory Assets Under Management (as defined by the SEC) of \$37.2 million.

The Firm has engaged the Wells Fargo Institutional Retirement Trust as qualified custodian for clients, replacing the services of Bank of New York. This transition occurred during the month of July, 2014.

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Item 4 – Advisory Business

FIRM AND PRINCIPAL OWNERS

CMS Fund Advisers, LLC is a Delaware limited liability company. CMS Fund Advisers, LLC is sometimes called the “Firm” in this brochure. The Firm and its predecessors have been in the advisory business since October 19, 1982. The Firm started business operations on September 30, 2010 when CMS Fund Advisers, Inc. (a predecessor) merged into it. As a result of the merger, the Firm continues the advisory business that was started in 1982.

CMS Fund Advisers, Inc. succeeded to the advisory business of CMS Investment Resources, Inc. (another predecessor) on November 1, 2002. Between 1982 and November 1, 2002, CMS Investment Resources, Inc. was registered as a broker-dealer and investment adviser. CMS Investment Resources, LLC has since succeeded to the business of CMS Investment Resources, Inc. The period of time the Firm and its predecessors have operated the advisory business can be summarized as follows:

<u>Entity Name</u>	<u>Period Operating Advisory Business</u>
CMS Investment Resources, Inc.	October 19, 1982 through October 2002
CMS Fund Advisers, Inc.	November 2002 through September 2010
CMS Fund Advisers, LLC	October 2010 through Present

The Firm has one owner, CMS Holdco, LLC, which is also called the Firm’s sole member and manager. CMS Holdco, LLC, in turn, is owned by 6 individuals: David Clapper, Morey H. Goldberg, William A. Landman, Richard A. Mitchell, Paul Silberberg and Mark I. Solomon. These persons’ ownership is not equal, and no one person owns 25% or more of CMS Holdco, LLC. CMS Holdco, LLC is managed by a board of managers comprised of the same 6 individuals who are its owners.

The Firm has no subsidiaries.

The Firm’s investment policies are set by its Investment Committee. The members of the Firm’s Investment Committee are David Clapper, Morey H. Goldberg, William A. Landman, Richard A. Mitchell, Paul Silberberg and Mark I. Solomon. Additional information is included in brochure supplements with respect to (i) each person who formulates investment advice for a client and has direct client contact, and (ii) each person who has discretionary authority over a client’s assets even if that person has no direct client contact. A brochure supplement for Mr. Landman is available upon request. As described below, the Firm’s clients are investment partnerships and other similar entities that we advise.

Effective January 1, 2012, two new related investment advisers began operations in a planned reorganization of CMS’s real estate and private equity businesses to separate investment platforms. MainLine Investment Advisers, LLC (“MLIA”) was formed to advise or sub-advise certain private equity and other private fund clients, and Merion

Realty Advisers, LLC (“MRA”) was formed to sub-advise certain real estate fund clients. The Firm, MLIA and MRA are called advisory affiliates and are under common (although not identical) control and ownership. Please refer to Item 10 for more information about financial industry affiliations.

INVESTMENT SUPERVISORY SERVICES

The Firm’s main business is to provide investment advice to various private equity and real estate investment funds which are called our clients. Most of our clients are limited partnerships that are related to us because there is majority common ownership and control between the Firm and the general partners of those limited partnerships. Some of our clients are funds of funds meaning that they invest in other investment funds that may or may not be related to us. All of our current clients are closed-end (meaning they do not accept additional subscribers after a stated offering period) investment partnerships with capital committed by investors that is drawn down and contributed over time to purchase investment securities and pay expenses. Most of our clients do not offer redemption rights or liquidity to their investors. Please refer to a schedule of active affiliated investment funds that are clients, included at the back of this Part 2A of Form ADV.

Our advice is considered to be investment supervisory services because we give continuous advice based on the individual needs of each client. We look for investments that meet the stated objectives, strategy and investment guidelines of each client. We will only recommend that a client buy a security if that type of security and the amount to be invested in that security meets the client’s objectives, strategy and investment guidelines as stated in the client’s offering memorandum and partnership agreement. We supervise the entire investment process and monitor the performance of each investment security held by our clients. We make recommendations to buy, hold and sell investment securities. However, we do not make the final investment decisions. In other words, we do not have investment discretion. The final investment decisions are made by the general partners of the various limited partnerships that are our clients. As stated above, there is common majority ownership and control between the Firm and most of those general partners. In cases where MLIA or MRA are acting as ultimate sub-adviser, that related party may be providing some or all of the services described above.

We primarily provide advice with respect to stock, equity securities and debt securities in private companies and limited partnerships. We also may offer advice with respect to a wide variety of securities, including (i) any type of private or public stock or equity interests, (ii) investment company securities (including variable life insurance, variable annuities and mutual fund shares), (iii) warrants, (iv) corporate debt securities, (v) municipal securities, (vi) options contracts on securities, (vii) various equity and debt interests in or secured by real estate, and (viii) interests in other investment funds such as private equity, real estate, buyout, venture capital and hedge funds.

We currently do not participate in wrap fee programs.

The amount of client assets we manage on a non-discretionary basis is \$800,648,327 as of March 24, 2015. As mentioned above, many of these assets are advised by either MLIA or MRA as sub-adviser after January 1, 2012; in such cases, the assets are not considered part of our “Regulatory Assets Under Management”. The client assets for which we provide continuous and regular supervisory or management services (where there is no sub-adviser) are considered part of our Regulatory Assets Under Management and are \$37,245,790.

Item 5 – Fees and Compensation

ADVISORY FEES

The Firm typically charges its clients annual advisory fees that range from 0.25% to 2.0% of an asset fee base. The asset fee base for an initial period of years (usually 3 to 5) is equal to the client’s full committed capital regardless of how much has been contributed by investors.

After the initial period of years (usually 3 to 5), the asset fee base will generally decrease over time with asset sales, write-offs or capital commitment waivers, subject to certain caveats. The specific fee charged depends upon the type and complexity of services to be provided. Because the Firm and the client are related to one another, there is no independent person who negotiates the Firm’s advisory fees. However, the specific fee arrangements, exact fee start date, exact calculation of the asset fee base, and other types of fees and expenses paid by each client are described in the client’s offering memorandum. Therefore, each investor typically knows what the fees are prior to deciding to make an investment in that client.

As mentioned before, some of the Firm’s clients are funds of funds that invest in other clients of the Firm. The specifics of the Firm’s advisory fees may not be fully known or disclosed to investors at the time of the offering of interests in a client that is a fund of funds. The unknown specifics may include the fee percentage, the asset fee base and the fee start date. We always attempt to charge fees that are fair and reasonable in amount based on the type and complexity of the services provided. We generally select a fee start date that coincides with (i) when we started performing advisory services, (ii) the date of the initial investor closing, (iii) when the client’s first investment was made, or (iv) when sub-advisory or other consulting fees are due.

In cases where the Firm has delegated certain advisory responsibilities to a related adviser, the Firm may share a portion of its fees with respect to certain accounts with those advisers who are performing specific services.

OTHER COMPENSATION

If other types of fees and expenses are paid by a client, they are described in the client’s offering memorandum if known.

Some of the other types of fees and expenses that usually are paid by a client are: auditing fees and costs; custodial fees and costs; banking fees and costs; franchise taxes and entity formation and maintenance fees; securities and “blue sky” filing fees; an allocable portion of the costs (including third party service fees) related to recording, managing and reporting of accounting, tax and financial information, investor subscription processing, cash calls and distributions; fees and costs related to asset management information technology and software; fees and costs related to anti-money laundering and other regulatory compliance; expenses related to roadshows and offering related activities; postage and travel expenses.

The client also will pay fees to the Firm or an affiliate for the services performed by the Firm’s attorneys and accounting professionals directly to the client (whether the services relate to general administrative matters or the business operations of the client). These will be paid only if the client would otherwise have engaged outside professionals to perform the services. The fees that are charged do not exceed rates customarily charged by outside attorneys or accounting professionals.

BILLING PROCEDURES

We usually charge advisory fees monthly in advance, but sometimes we charge fees quarterly or semi-annually in advance. If the fee start date is not the first of a month, the first billing period may include a partial month. If an advisory contract with a client is terminated before the end of a billing period, the Firm will refund any overpayment of fees to the client. The overpayment of fees will be calculated based on the number of full months remaining in a billing period after the contract was terminated. No refund will be given for a partial month.

Under most advisory contracts with Firm clients, after an initial period of years (usually 3 to 5), we can collect advisory fees only out of cash available for distribution and not out of capital contributions made by investors. If cash is not available to pay advisory fees in the period earned, the fees will be accrued and their payment will be deferred. We will then collect the deferred fees when cash becomes available before cash distributions are made to investors, unless we waive payment of those fees. If a client does not deploy all of the capital originally committed by investors, advisory fees that we have already earned will not be refunded.

The Firm calculates the advisory fees and sends a bill to the client. The client then pays the fees owed to the Firm. Because the Firm and the client are related to one another, there is no independent person who reviews the calculation of advisory fees. However, some clients have their financial statements audited by an independent certified public accounting firm. In addition, the funds and securities of clients are held by a qualified custodian who, to the extent required by SEC rules, sends quarterly account statements to the clients’ investors. Those statements show the advisory fee payments.

Investors who are related to the Firm or an affiliate may receive up to a 100% discount or rebate on their share of capital contributions and/or distributions that are used to pay

advisory fees. These discounts, if applicable, are disclosed in detail in the applicable client's offering memorandum and limited partnership agreement.

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

The general partners of most of our clients may receive a share of the profits generated by the client. This share of profits is often referred to as a carried interest. Because of our relationship with the general partners of our clients, the carried interest may be considered performance based compensation that benefits the Firm. A carried interest may give the Firm or the client's general partner an incentive to take more risk or make more speculative investments than would otherwise be the case. In addition, the likelihood of earning a carried interest may give the Firm an incentive to favor one client over another in allocating investment opportunities or making buy, hold or sell recommendations. We address these potential conflicts of interest by (i) recognizing our fiduciary duty owed to each client, and (ii) reviewing each client's objective, strategy and investment guidelines against our recommendations.

Item 7 – Types of Clients

Please refer to Item 4 above.

The Firm's advisory clients generally are private equity and real estate investment funds. Most of our clients are limited partnerships that are related to us because there is majority common ownership and control between the Firm and the general partners of those limited partnerships. Some of our clients are funds of funds meaning that they invest in other investment funds that may or may not be related to us. All of our current clients are closed-end (meaning they do not accept additional subscribers after a stated offering period) investment partnerships with capital committed by investors that is drawn down and contributed over time to purchase investment securities and pay expenses. Most of our clients do not offer redemption rights or liquidity to their investors. Our clients' investors are typically (but not exclusively) high net worth individuals and trusts and other family investment entities created by those individuals. Some investors are institutions. We do not manage separate advisory accounts for individual or institutional investors.

Item 8 – Method of Analysis, Investment Strategies and Risk of Loss

METHOD OF ANALYSIS AND INVESTMENT STRATEGY

The Firm advises its clients primarily about making investments in private companies and real estate. Each client will have a specific strategy and investment focus that is described in the client's offering memorandum. Some clients may have strategies similar to other clients. The client's offering memorandum and/or limited partnership or operating agreement may include specific guidelines or restrictions on investments. The Firm's role is to (i) find investment opportunities that fit the client's specific strategy, (ii) diligently investigate each investment's benefits and risks (called due diligence), (iii) make recommendations to each client whether to buy, hold or sell an investment, and (iv) monitor the performance of investments made. The Firm will review its recommendations against any specific guidelines or restrictions on the client's investments. The Firm does not make the final investment decisions. The final investment decisions are made by the general partners of the various limited partnerships that are our clients. As stated elsewhere in this brochure, there is common ownership and control between the Firm and most of those general partners.

DUE DILIGENCE

Professional employees of the Firm or its affiliates perform due diligence on each investment opportunity. Due diligence will vary depending on the type of investment but will usually include some or all of the following:

- Review, preparation and/or analysis of business plan
- Review and negotiation of legal documents relevant to the security to be held
- Review of insurance coverage
- Review of historical financial information
- Research and analysis of market information
- Research and review of competition
- Review, preparation and/or analysis of financial projections
- Interviews and background checks of company management and joint venture partners
- Lien searches of company assets and real estate
- Review of material contracts and other company data
- Review of real estate title, zoning and survey
- Review of real estate environmental and engineering conditions
- On-site visits to company headquarters and/or real estate

The above is not an exhaustive list, nor does every item on the list apply to all investment opportunities. Moreover, due diligence performed on funds of funds tends to cover the manager(s) of funds versus the underlying assets. Our professional employees use their experience and expertise to review each investment opportunity in a diligent way. For

certain items on the list that require special expertise, third party consultants may be engaged on behalf of the client to research and prepare reports. Our employees then review and analyze those third party reports. In addition, legal counsel is engaged on behalf of each client to prepare or review and negotiate legal documents with reasonable and customary provisions to protect the interests of the client. The client pays the fees and costs of third party consultants and legal counsel.

A related adviser may perform some of these duties under a subadvisory agreement.

RISK OF LOSS AND RISK FACTORS

Investing in securities involves risk of loss that clients and investors should be prepared to bear. There can be no possibility of profit without risk of loss, including the risk of loss of one's entire investment.

The types of securities we recommend to our clients are illiquid and speculative. There is no guaranty that our recommendations will turn out to be profitable to our clients or their investors. Our clients may not be able to sell or liquidate recommended securities if our clients need capital for other purposes. Most of our clients do not offer redemption rights or other liquidity options to their investors.

There are certain risk factors that may apply generally to the types of investment securities we recommend to our clients. There are also numerous risk factors that may apply to the specific investment program or strategy to be followed by a particular client. These general and specific risks are described in the offering memorandum of the particular client. Some of the risk factors that apply generally to our clients are summarized below.

Illiquid Securities. Almost all of the investments made by the Firm's clients are private securities for which there is no public market. As a result, these securities are illiquid and are subject to sale restrictions due to securities laws or contractual obligations. In addition, these investments may take several years to mature. During the investment holding period, there may be no cash distributions to the client's investors. These limitations on sale could make it difficult to sell an investment or reduce the amount of sale proceeds.

Unidentified Investments - Blind Pool. In most cases (but not always), the Firm's clients are blind pools – meaning that the investments are not fully identified at the time of the client's equity offering. As a result, a prospective investor considering an investment in the client will not know or be able to evaluate all investments to be made by the client prior to making an investment decision. Rather, the prospective investor must rely upon the ability of the client's general partner, based upon advice provided by the Firm or a related adviser, to select appropriate investments on behalf of the client. In the case of a fund of funds, a prospective investor may need to rely upon the ability of the client's underlying manager(s) to select appropriate investments on behalf of the fund.

General Investment Risks. Any investment in equity securities is subject to risks. These risks include fluctuations in value due to issuer, political, market and economic developments. Fluctuations can be dramatic over the short or long term. Different parts of the market and different types of equity securities can react differently to these developments. These developments can affect a single issuer, many issuers within an industry or economic sector or geographic region, or the market as a whole. Recently, terrorism, political and regulatory developments, and economic developments (caused by natural disasters, for instance) have increased short-term market fluctuations and may have long-term effects on world economies and markets generally.

General Risks of Investing in Private Companies. There typically is little or no publicly available investment information about privately-held companies. The information that is available may be more limited or less reliable for small private companies than is typically the case for a larger private or public company. The due diligence investigation undertaken by the Firm or the client's general partner may not uncover all material information about a private company necessary to make a fully-informed investment decision. In addition, the valuation of securities of privately-held companies is less certain than public companies and may be subject to substantial market variations. Such investments involve a high degree of business and financial risk that can result in substantial losses.

General Risks of Investing in Real Estate. An investment in real estate is subject to various risks. These risks usually relate to expenses being higher than expected, cash flow being less than expected, or both. If cash flow is insufficient to pay all expenses, the investment could suffer losses. Mortgage financing or other debt can increase these risks and result in an investment being lost through foreclosure. Adverse changes in local, regional, national and international economic conditions can negatively affect real estate values. For example, high unemployment rates, declines in population, and tenant bankruptcies can adversely impact real estate income. Similarly, high real estate taxes, insurance costs, increases in interest rates and high fuel and heating costs due to rising crude oil prices result in higher operating costs. Other risks include zoning laws and other government rules and fiscal policies and changes in such laws, rules and policies; environmental claims; and uninsured losses and other risks that are beyond the control of the Firm or its client.

General Risks Associated with Debt Markets. The types of investments made by the Firm's clients can be affected by the debt markets. The value and marketability of private company and real estate investments may depend upon the availability and cost of credit to finance operations or acquisitions. Current conditions in the debt markets include reduced credit availability and increased debt costs for many market participants. These conditions, which increase the cost and reduce the availability of debt, may continue or worsen in the future. Continued and future disruptions in the debt markets could have an adverse impact on investment values and on acquisition and exit opportunities.

Item 9 – Disciplinary Information

In connection with a routine SEC examination of the Firm during 2000, the SEC noted certain deficiencies in the Firm's custody procedures. In February 2002, the SEC staff accepted the Firm's proposal to rectify the Firm's non-compliance by (1) completing a custody verification for 2001 by March 31, 2002; (2) completing a surprise custody verification for 2002 during 2002 following the completion of the 2001 verification; and (3) completing annual surprise custody verifications for each subsequent year in the corresponding calendar year in accordance with the custody rule. The Firm also represented that it had engaged one accounting firm to complete all of the required verifications. Each verification, once completed, discovered no discrepancies in the Firm's records of our investor assets.

Pursuant to the SEC Administrative Proceeding Release No. IA-2430 dated September 15, 2005, the SEC alleged that the Firm violated Section 206(4) of the Investment Advisers Act and SEC Rule 206(4)-2 relating to custody of client funds and securities. The alleged violations were: (a) the Firm failed to timely complete custody verifications; (b) the Firm failed to timely engage an auditing firm for the 2002, 2003 and 2004 custody verifications, or provide a specific deadline to the auditor; (c) the Firm chose to prioritize other business matters ahead of the verifications with the full knowledge that it would continue to operate in violation of the custody rule; and (d) in 2000 and 2001, the Firm had custody of client funds and securities but did not perform its annual surprise custody verifications as required by the custody rule.

The Firm was censured, ordered to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Investment Advisers Act and SEC Rule 206(4)-2, and ordered to pay a civil money penalty in the amount of \$115,000. In addition, the SEC instituted separate proceedings against the Firm's Chief Financial Officer at the time the violations occurred. See SEC Administrative Proceeding Release No. IA-2429. The Firm's CFO was also censured.

Item 10 – Other Financial Industry Activities and Affiliations

AFFILIATED ENTITIES IN THE FINANCIAL INDUSTRY

CMS Holdco, LLC is the sole member and manager of the Firm. CMS Holdco, LLC is also the sole member and manager of CMS Investment Resources, LLC and Capital Management Systems, LLC. These entities are related to the Firm due to common ownership.

Other Investment Advisory Activities

MainLine Investment Advisers, LLC (“MLIA”) is registered with the SEC as an investment adviser. MLIA is owned by MainLine Investment Partners, LLC (“MainLine”). David A. Clapper, William A. Landman and Richard A. Mitchell are control persons associated with the Firm and are also control persons of MLIA and MainLine. MLIA is a sub-adviser to various private equity-oriented private funds that are advised by CMS Fund Advisers, LLC. MLIA is also sub-adviser to various real estate-oriented private funds that are advised by CMS Fund Advisers, LLC; in the case of real estate funds MLIA has delegated its sub-advisory duties to Merion Realty Advisers, LLC (see below). MLIA also advises other private funds sponsored by MainLine.

Merion Realty Advisers, LLC (“Merion”) is registered with the SEC as an investment adviser. David A. Clapper, William A. Landman and Richard A. Mitchell are control persons associated with the Firm and are also control persons of Merion. Merion is sub-adviser to various real estate-oriented private funds that are advised by either CMSFA and MLIA, or just MLIA. Merion also advises other funds sponsored by Merion.

MainLine Private Wealth, LLC (“MLPW”) is registered with the SEC as an investment adviser related to MLIA. David A. Clapper, William A. Landman and Richard A. Mitchell are control persons associated with the Firm and are also control persons of MLPW. MLPW is a fee-based adviser that provides financial advice to individuals and corporate entities, including retirement plans.

Since MLIA, Merion and MLPW are investment advisers registered with the SEC, more information about these advisory affiliates is available on the SEC’s website at <http://www.adviserinfo.sec.gov>.

Broker-Dealer Activities

CMS Investment Resources, LLC (“CMSIR”) is registered as a broker-dealer with the SEC and FINRA, as well as with various states. As mentioned above, CMS Holdco, LLC is the sole member and manager of CMSIR. David A. Clapper, William A. Landman and Richard A. Mitchell are control persons associated with the Firm and are also control persons of CMSIR and members of CMS Holdco, LLC. Mr. Clapper is a registered financial and operations principal and Mr. Mitchell is a registered operations professional. Prior to December 31, 2013, CMSIR acted as the placement agent for private securities offerings of the Firm’s clients, as well as other related private funds and sometimes third parties. CMSIR is no longer engaged in new sales activities after December 2013. CMSIR may have earned sales commissions or other fees for acting as placement agent. Virtually all private securities offerings by CMSIR were conducted in accordance with SEC Regulation D under the Securities Act of 1933. The placement agent and the client together prepared an offering memorandum (also called a confidential private placement memorandum) for each securities offering that, among other things, described the relationships among the Firm, the placement agent and the client and the fees charged by them. Securities were offered only to persons who were

believed to be accredited investors under Regulation D. In many cases, other investor qualification requirements also were applicable.

General Partners or Managers of Investment Clients

Generally the Firm's private fund clients' general partners or managers are either controlled by or under common control with the Firm. In some cases affiliates of the general partner may form separate investment partnerships for related party investments.

See Item 4 – Advisory Business, Firm and Principal Owners.

Insurance Activities

Capital Management Systems, LLC, whose sole member and manager is also CMS Holdco, LLC, is an insurance producer organization under contract with various life insurance companies. In addition, CMSIR is an insurance producer organization for various life insurance companies. CMSIR and Capital Management Systems, LLC maintain current resident Pennsylvania insurance producer licenses and various non-resident state producer insurance licenses. Certain of their associated persons maintain resident and non-resident state insurance individual producer licenses.

MainLine Securities, LLC is also a licensed insurance agency and may receive compensation for acting as an insurance producer and purchasing life insurance and life insurance related products for its clients. MainLine Securities, LLC is a new business owned by MainLine Securities Holding, LLC, whose members are David A. Clapper, William A. Landman and Richard A. Mitchell.

Real Estate Management

Merion Realty Services, LLC and MRM Residential Management, LLC ("Merion Property Managers") are property management companies that perform property management services and maintain either itself or through its principals or officers various real estate related licenses. These companies manage real estate properties owned by certain clients of the Firm. Merion RM, Inc. is the sole member of Merion Realty Management, LLC, which is the sole member of Merion Realty Services, LLC. Merion RM, Inc. is affiliated with the Firm due to common ownership and control. Certain owners of CMS Holdco, LLC own shares of Merion RM, Inc. MRM Residential Holdings, LLC is the sole member and manager of MRM Residential Management, LLC, and certain owners of CMS Holdco, LLC control MRM Residential Holdings, LLC.

Indirect Activities

M Financial Investment Advisers, Inc. (SEC #801-50553), a registered investment adviser, is related to the Firm. Morey Goldberg is a director and control person of M Financial Investment Advisers, Inc.

Mr. Goldberg also independently operates companies that are not related to the Firm.

CMS Investment Resources, LLC may have joint marketing agreements in place with other broker-dealer firms in connection with the sale of variable insurance products occurring prior to the end of 2013; however, such agreements typically were specific to particular insurance cases.

Capital Management Systems, LLC may have agreements with other persons or firms in connection with the commissions paid on the sale of insurance-related products.

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

CODE OF ETHICS

The Firm has adopted a Code of Ethics that sets forth certain standards of conduct with respect to important matters. The Code of Ethics applies to all members of the Firm's Investment Committee and associated persons that have access to nonpublic information about our clients and their securities holdings (collectively, called access persons). All access persons must sign the Code of Ethics when hired, and then annually thereafter.

The Code of Ethics addresses the Firm's ethical standards in the following areas:

- Fiduciary duties
- Compliance with securities laws
- Compliance with Firm supervisory policies and procedures
- Insider trading and handling of nonpublic information regarding Firm clients and their investments
- Requirements of access persons to report securities holdings, transactions, board affiliations and outside business activities
- Requirements of access persons to obtain prior approval of certain investments and outside business activities
- Confidentiality requirements
- Restrictions on accepting gifts or gratuities from clients

These matters are designed to set forth a standard of business conduct that the Firm requires of its supervised persons which reflects the fiduciary obligations of the Firm and its supervised persons, as well as compliance with the federal securities laws. Upon request, a copy of our Code of Ethics will be provided to any client or investor, or to any prospective client or investor.

In summary, the Firm's Code of Ethics requires each access person to acknowledge certain matters such as: (i) the requirement to comply with the Firm's policies and procedures; (ii) the Firm's fiduciary duties; (iii) the requirement to disclose securities holdings, transactions, board affiliations and outside business activities; (iv) the

requirement for pre-approval of certain security purchases and outside business activities; (v) confidentiality requirements; and (vi) restrictions on accepting gifts or gratuities from clients or on making or accepting loans from clients.

CERTAIN CONFLICTS OF INTEREST

The Firm is related to persons that are in the advisory business, broker-dealer business, insurance business, real estate management and other businesses. The Firm is also related to its clients. As a result of these relationships, various conflicts of interest arise from time to time. The Firm attempts to resolve conflicts of interest in a fair and equitable way to all parties consistent with its fiduciary duties. However, it is not always possible for the outcome to be equally favorable to all parties. This section describes certain conflicts of interest that may arise.

Transactions between the Firm's clients may create conflicts of interest. Set forth below are examples of transactions between the Firm's clients that may occur:

- (i) Two or more clients may invest in the same transaction if the investment is appropriate for both clients. If the transaction is entered into at the same time and on the same terms, the conflict is minimized. However, if one client purchases at a different time and/or on different terms, the conflict is heightened.
- (ii) One client may sell an investment to, or purchase an investment from, another client.
- (iii) One client may make a loan to, or acquire debt or preferred equity securities, in an investment entity in which another client holds common equity.
- (iv) One client may have a contractual relationship with another client, such as landlord/tenant, lender/borrower, customer/supplier, and other relationships.
- (v) One client may invest in another client.
- (vi) Any of the above examples may occur between one of the Firm's clients and a client of another advisory affiliate.

In rare instances, the Firm may buy securities for itself from, or sell securities it owns to, a client. It is also possible that the Firm (or a related party) may have a direct or indirect interest in an investment that a client buys or sells.

In all cases, the Firm will attempt to structure the transaction so that it is fair to all clients involved in the transaction and is on terms that are comparable to an arms' length transaction between unrelated parties. In many cases, the Firm will obtain an independent third party valuation of the security involved in the transaction. When conflicts of interest arise, it may not be possible to be fair to all clients involved in all cases. A transaction structure, performance or outcome may turn out to be more favorable to one client over another.

It is possible that a broker-dealer or agent related to the Firm may act as a broker or agent for compensation in buying or selling securities for or among Firm clients. In such cases, the commissions or other compensation charged are comparable to the commissions and other compensation that would be charged by independent third parties.

Either Merion Realty Management, LLC or MRM Residential Management, LLC (parties related to the Firm) could manage real estate properties that are held as investments by Firm clients. Merion Realty Management LLC and MRM Residential Management LLC receive management fees for their services. In such cases, the management fees charged are comparable to the fees that would be charged by independent third parties.

CMS Fund Advisers, LLC and related persons have contractual consulting arrangements with Bruce Lindsay (who is not affiliated with CMS), pursuant to which Lindsay provides fund management services including serving on the Board of Directors of certain portfolio companies. Lindsay may also receive compensation directly from those portfolio companies for such directorial services or from a CMS-affiliated investment fund for services provided to that fund. In addition, Lindsay may personally invest from time to time in portfolio companies with respect to which he also provides consulting or fund management services.

It is also possible that a third party who controls or is otherwise related to an investment made by a Firm client (for example, a joint venture partner with whom a Firm client invests in a particular project) may also (i) invest as a limited partner in other Firm clients, (ii) be a client of MainLine Private Wealth, LLC, (iii) own insurance products from Capital Management Systems, LLC or CMS Investment Resources, LLC, and/or (iv) have other business relationships with the Firm or its related parties. In these cases, the Firm and/or its related parties may receive direct or indirect compensation.

Investors in Firm clients may be clients of MainLine Private Wealth, LLC. Also, investors in Firm clients may own insurance or other products that were sold by CMS Investment Resources, LLC, Capital Management Systems, LLC or other parties related to the Firm, and the Firm or a related party may receive compensation in connection with the sale of those products.

Conflicts of interest that are applicable to a particular client and are known at the time of the offering of interests in the client are disclosed in the client's offering memorandum. In accordance with securities laws, the Firm may be required to obtain the consent of its clients in connection with transactions in which it or a related party acts as a principal or broker. In those cases, the Firm intends to solicit the consent of investors that hold interests in the applicable client in accordance with the terms of the relevant client's partnership agreement or other governing documents and law.

Item 12 – Brokerage Practices

The Firm or related persons may recommend or select brokers for clients for the purpose of selling public securities owned by such clients. This occurs infrequently because clients typically hold private securities. The broker is selected based upon its knowledge of and access to the relevant market, recommendations received from third parties with knowledge of the security being traded, and commissions proposed to be charged.

The Firm does not participate in soft dollar arrangements. A soft dollar arrangement is one where higher commissions may be charged in exchange for products, research or services other than services directly related to the trade itself.

Item 13 – Review of Client Accounts

The Firm and/or a related adviser periodically reviews the investments made by its clients and provides ongoing advice and recommendations to clients on whether to hold or sell those investments. These reviews and services usually occur during Firm Investment Committee meetings and during asset class subcommittee meetings, but may also take place during other less formal discussions among Investment Committee members.

The Firm or a related adviser is primarily responsible for valuations of each client's security holdings. Valuations are updated on a quarterly basis; full valuation reviews are done on a semi-annual basis. The Firm determines the valuation of each security in accordance with its valuation procedures. Valuation procedures have been adopted for each different type of security and are updated as necessary.

Progress Reports are issued to investors in each fund client on a periodic basis.

A CMS Report Card is generated on a quarterly basis for each investor who utilizes the private side of the CMS website. This Report Card in any case would only include clients that are administered by the same third-party administrator.

Item 14 – Client Referrals and Other Compensation

The Firm does not receive economic benefits from any party who is not a client for providing investment advice or other advisory services to our clients.

If the Firm compensates a person who is not related to the Firm for referring clients, such arrangements are disclosed in the applicable client offering memorandum or otherwise in writing to the client and investors.

Item 15 – Custody

The Firm is considered to have custody of client funds and securities to the extent it is related to the general partners of its clients.

Wells Fargo Institutional Retirement Trust is a qualified custodian for all of the Firm's clients. The qualified custodian is located in Minneapolis, MN.

Except for clients which send audited financial statement to their investors within the time period required by SEC rules, the qualified custodian sends quarterly account statements directly to investors of each client of the Firm. Investors should carefully review those statements. If an investor also receives an investment report from the Firm, such as a CMS Report Card, the investor is urged to compare the account statements received from the qualified custodian to the investment reports received from the Firm.

Item 16 – Investment Discretion

At the present time, the Firm does not accept discretionary authority.

See also Item 4 – Advisory Business.

Item 17 – Voting of Client Securities

The Firm's policy is to vote client securities in the best interests of the client's investors. Because client securities typically are privately held equity interests, voting rights are usually specified in the partnership agreement or other document governing the securities. Therefore, votes are usually cast directly at a meeting or by written consent and not by proxy. The Firm or the client's general partner will vote any securities or proxy in a manner consistent with the investment objectives of the client, typically to maximize investment returns within the guidelines established by the client, and subject to any investment restrictions and other constraints set forth in the client's offering memorandum or partnership agreement. The Firm's proxy voting policies and procedures are designed to comply with the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940. Such policies and procedures are reviewed periodically and may be amended from time to time. Upon written request by any investor, a copy of the full policy and procedures on proxy voting will be provided as well as a proxy voting record for any specific proxies voted on behalf of a client in which that investor purchased securities.

Item 18 – Financial Information

The Firm is not required to include financial statements in this brochure.

The Firm has not been the subject of a bankruptcy petition at any time during the past 10 years.

Appendix – Schedule of Firm Clients

1. CMS Private Equity Partners XIV, L.P. and CMS Private Equity Partners XIV-Q, L.P., each a Delaware limited partnership, were formed to invest in operating business directly by co-investing with experienced investment managers & indirectly by investing through other private equity funds.
2. CMS/Montauk Secondary Buyout Fund, L.P., a Delaware limited partnership, was formed to invest in Montauk Partners II, L.P., which in turn acquired interests in private equity funds in the secondary markets.
3. CMS Structured Products Fund III (Cayman), Ltd., a Cayman Islands limited liability company, was formed to invest in structured product transactions with various underlying collateral asset classes.
4. CMS/KRG/Greenbriar Partners, L.P., a Delaware limited partnership, was formed to invest in privately held operating businesses indirectly through investments in, and directly through co-investments with, KRG Capital Fund II, L.P. and Greenbriar Equity Fund, L.P.
5. CMS/Winston Equity Partners II, L.P., a Delaware limited partnership, was formed to make a capital commitment to Winston Equity Partners II, L.P. investment (the “Winston II Fund”), both directly as a limited partner in the Winston II Fund and indirectly through the general partner of the Winston II Fund.
6. CMS/KRG Collect America Partners, L.P., a Delaware limited partnership, was formed to invest in shares of a Series A-1 Preferred Stock and common stock of CA Holding, Inc., a Delaware corporation. CA Holding, Inc. acquired Collect America, Ltd., a Delaware corporation, through a merger of CA Holding, Inc.'s wholly-owned subsidiary, CA Merger Sub, Inc., with and into Collect America, Ltd. Collect America, Ltd. is a debt collection company based in Denver, Colorado. CA Holding, Inc. is controlled by affiliates of KRG Capital Partners, LLC, Denver Colorado.
7. CMS Platinum Fund II, L.P., a Delaware limited partnership, was formed to enable CMS investors to invest in a portfolio of five CMS-sponsored investment funds.
8. CMS Life Insurance Opportunity Fund, L.P., a Delaware limited partnership, was formed to participate in investment returns related to buying, premium financing, bridge financing, financial warehousing, collateralizing, holding, guaranteeing and reselling life insurance contracts by purchasing a limited partnership interest in CNF II-Q, L.P., a New Jersey limited partnership.

Schedule of Firm Clients where related MainLine Investment Advisers, LLC is sub-adviser:

CMS Distressed Opportunities Fund, L.P. and CMS Distressed Opportunities Fund Q, L.P.
CMS Platinum Fund, L.P.
CMS Private Equity Partners XVIII, L.P. and CMS Private Equity Partners XVIII-Q, L.P.
CMS Small-Cap Private Equity Fund, L.P. and CMS Small-Cap Private Equity Fund Q, L.P.
CMS Specialty Finance Fund, L.P. and CMS Specialty Finance Fund Q, L.P.
CMS/CGF IV, L.P.
CMS/GenNx360 Capital Fund, L.P.
CMS/KRG Capital Fund III, L.P.
CMS/KRG Capital Fund IV, L.P.
CMS/LLM Preferred Equity Partners Q, L.P.
CMS/Mistral Equity Partners, L.P.
CMS/North Castle Partners IV, L.P.
CMS/Pegasus Partners IV, L.P.
CMS/Quad Education Fund Q, L.P.

Schedule of Firm Clients where related MainLine Investment Advisers, LLC is sub-adviser and has delegated its sub-advisory duties to Merion Realty Advisers, LLC:

CMS Educational Assets Fund, L.P.
CMS Entrepreneurial Real Estate Fund III, L.P. and
CMS Entrepreneurial Real Estate Fund III-Q, L.P.
CMS Entrepreneurial Real Estate Fund IV, L.P. and
CMS Entrepreneurial Real Estate Fund IV-Q, L.P.
CMS Entrepreneurial Real Estate Fund IV-TE, L.P.
CMS Gaming Partners Q, L.P.
CMS Medical Office Fund, L.P. and CMS Medical Office Fund Q, L.P.
CMS Multifamily Income Fund Q, L.P.
CMS Private REIT Fund, L.P. and CMS Private Real Estate Investment Trust
CMS Procaccianti Hotel Opportunity Fund II, L.P. and
CMS Procaccianti Hotel Opportunity Fund II-Q, L.P.
CMS Procaccianti Hotel Opportunity Fund III, L.P. and
CMS Procaccianti Hotel Opportunity Fund III-Q, L.P.
CMS Providence Condominium Fund, L.P. and
CMS Providence Condominium Fund Q, L.P.
CMS Value Real Estate Fund II, L.P. and CMS Value Real Estate Fund II-Q, L.P.
CMS Value Real Estate Fund, L.P. and CMS Value Real Estate Fund Q, L.P.
CMS VF Partners, L.P.