

Nexus Capital Management, LP

Form ADV Part 2 Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of Nexus Capital Management, LP. If you have any questions about the contents of this Brochure, please contact Nexus Capital Management, LP at (469) 458-3754. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Nexus Capital Management, LP also is available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Nexus Capital Management, LP is 168618.

Nexus Capital Management, LP is a registered investment adviser and may refer to itself as a “registered investment adviser.” Registration of an investment adviser does not imply any level of skill or training.

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Brochure prepared on March 31, 2015

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other documents containing information about Nexus Capital Management, LP.

Item 2 Material Changes

This section of the Brochure will address only those “material changes” that have been incorporated since the last delivery or posting of this document on the SEC’s public disclosure website (IAPD). Nexus Capital Management, LP most recent update to Part 2 of Form ADV was made on May 01, 2014.

Material Changes:

Item 1 – Page i:.....Change of address and contact information

Item 4 – Page 1:.....Revisions to Advisory Business and current assets under management (“AUM”)

Item 5 – Page 3:.....Revisions to Fees and Compensation

Item 6 – Page 6:.....Revisions to Performance-Based Fees and Side-By-Side Management

Item 7 – Page 8:.....Revisions to Types of Clients

Item 10 – Page 12:.....Revisions to Other Financial Industry Activities and Affiliations

Item 11 – Page 13:.....Revisions to Code of Ethics

Item 12 – Page 18:.....Revisions to Brokerage Practices

Item 14 Page 21:.....Client Referrals and Other Compensation

Nexus Capital Management, LP will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, this Brochure may be requested by contacting Mrs. Carolyn A. Giangiacomo, Chief Compliance Officer at (469) 458-3754 or caw@nexuslp.com.

Additional information about Nexus Capital Management, LP is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Nexus Capital Management, LP who are registered, or are required to be registered, as investment adviser representatives of Nexus Capital Management, LP.

IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer***
- ***a complete discussion of the features, risks or conflicts associated with any Issuer***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), Nexus Capital Management, LP provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an Issuer, together with other relevant governing documents, such as the Issuer’s offering circular, prior to, or in connection with, such persons’ investment in the Issuer.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Issuer is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

Item 3 Table of Contents

Item 1 Cover Page	i
Item 2 Material Changes	ii
Item 3 Table of Contents.....	iv
Item 4 Advisory Business.....	1
Item 5 Fees and Compensation.....	3
Item 6 Performance-Based Fees and Side-By-Side Management	6
Item 7 Types of Clients	8
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9 Disciplinary Information.....	12
Item 10 Other Financial Industry Activities and Affiliations	12
Item 11 Code of Ethics.....	13
Item 12 Brokerage Practices.....	18
Item 13 Review of Accounts	20
Item 14 Client Referrals and Other Compensation	21
Item 15 Custody.....	21
Item 16 Investment Discretion	22
Item 17 Voting Client Securities.....	22
Item 18 Financial Information.....	22

Item 4 Advisory Business

Background

Nexus Capital Management, LP (the “Firm” or the “Advisor”) is a Delaware limited partnership that is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The Firm was initially registered with the SEC as an exempt reporting adviser and withdrew its exemption status on February 11, 2014 in order to transition its status to a reporting adviser. The Firm is based in Dallas, Texas with an office in Los Angeles, CA and has been in business since July 9, 2013. The principal owners of the Firm and their percentage of ownership interests are as follows: Nexus Partners GP, LP, a Delaware limited partnership, is the general partner to the Firm, holding a 99% ownership interest; and Nexus Partners, LLC, a Delaware limited liability company, is a limited partner to the Firm, holding a 1% ownership interest. The principal owners of Nexus Partners GP, LP are Nexus Partners, LLC, Mr. Damian J. Giangiacomo, Mr. Michael S. Cohen and Mrs. Carolyn A. Williams. Mr. Damian J. Giangiacomo is the sole owner of Nexus Partners, LLC, holding a 100% ownership interest. Mr. Damian J. Giangiacomo is the managing partner of the Firm. *See Item 10 – Other Financial Industry Activities and Affiliations for more information regarding the Firm’s affiliated entities.*

Advisory Services

The Firm provides investment advisory services on a discretionary basis to private pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each a “Fund” and collectively the “Funds”, a “Client”). The Firm seeks investment opportunities in deep value distressed credit, private equity and public equity investments by pursuing a private equity and special situations strategy that its founders have been executing over the last 15 years, including their previous 13 year career at a global alternative investment management firm. The Firm’s primary business is to raise, invest and manage private equity funds as well as strategic investment accounts, on behalf of pension, endowment and sovereign wealth funds, as well as other institutional and individual investors. In addition, the Firm, in its capacity as the investment manager, may also provide sub-advisory services to private pooled investment vehicles that are managed by unaffiliated investment advisers.

Tailored Advice and Client-Imposed Restrictions

Investments for each Client are managed in accordance with the Client’s investment objectives, strategies, restrictions and guidelines and are generally not tailored to the individualized needs of any particular investor of the Client. Information about each Client, and the particular investment objectives, strategies, restrictions, guidelines and risks associated with an investment, is described in the offering memorandum or offering circular, operating or limited partnership agreement, or other governing documents (“Offering Documents”) which are made available to investors only through the Firm or another authorized party. Since the Firm does not provide individualized advice to investors (and an investment in a Client does not, in and of itself, create an advisory relationship between the investor and the Firm), investors must consider whether a particular Client meets their investment objectives and risk tolerance prior to investing.

The Firm may tailor its advisory services to the individual needs of Separate Account Clients. The Firm may agree with a Separate Account Client to manage such Client’s assets against a particular benchmark or pursuant to an investment management agreement, which include provisions related to management

fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. Separate Account Clients should be aware, however, that certain restrictions can limit the Firm's ability to act and as a result, the Client's Account's performance may differ from and may be less successful than that of our other accounts.

Clients and Investors must consider whether a particular Firm advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Client's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective Clients are strongly encouraged to undertake appropriate due diligence including, but not limited to, a review of Offering Documents relating to the proposed investment program for each Fund and to investigate additional details about Firm's investment strategies, methods of analysis and related risks, before making an investment decision or committing to a service provided by the Firm. *See Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for a more detailed discussion of our investment objective and strategies.*

Wrap Fee Disclosure

Not applicable.

Assets Under Management

As of December 31, 2014, the Firm did not have any regulatory assets under management.

Item 5 Fees and Compensation

Compensation

Private Funds Fees

In consideration of the Firm's advisory services to each sponsored Fund, the Firm generally may charge both a management fee and a performance-based fee to Funds it may manage. The management fees are generally a percent of assets under management or a percentage of capital commitments, payable quarterly in advance or in arrears. Prior to the end of the investment period for each Fund, the Adviser receives a management fee based on a percentage of total capital commitments to the Funds. After the investment period, the management fee is based on percentage of assets under management. Performance-based fees are generally a certain percent of any increase of the net asset value above a high watermark or a percentage of excess return above a fixed hurdle rate. Fees are negotiable. Each Fund's private placement memorandum describes its fee structure in detail. Please consult the funds Offering Documents for additional information regarding such management fees. As of the date of this ADV, the Firm managed one Private Fund for which it receives management and performance fees.

Separate Accounts

The Firm generally charges its Separate Account Clients a base management fee or advisory fee, and a performance-based fee. The base management or advisory fees are disclosed in the respective Client's investment management agreement and are generally structured as a fixed fee amount per year or as a percentage of assets under management for which advice and consultation is provided or a percentage of funds deployed for investments. The level of service may vary depending on individual circumstances and thus, fees are negotiable depending on time, effort, and expertise involved. Fees are computed and payable quarterly in arrears or on such other basis as is mutually agreed with each Client.

From time to time, the Firm may also charge performance-based advisory fees, the terms of which are negotiated between the Firm and the Client. Such agreements shall comply with the provisions of Rule 205-3 of the Advisers Act.

Sub-Advisory Fees

In consideration of the Firm's sub-advisory services provided to private pooled investment vehicles that are managed by unaffiliated investment advisers by which the Firm in its capacity acts as sub-advisor, the Firm is entitled to receive sub-advisory fees pursuant to a negotiated sub-advisory investment management agreement. The Firm generally may charge both a sub-advisory fee and a performance-based fee from the Funds it may sub-advise. The sub-advisory fees are generally a percent of assets under management, payable quarterly in advance or in arrears. Performance-based fees are generally a certain percent of any increase of the net asset value above a high watermark or a percentage of excess return above a fixed hurdle rate. Fees are negotiable. The Firm is generally required to pay its own expenses incurred in connection with providing sub-advised Funds with investment advisory services, pursuant to the sub-advisory agreement.

The Firm may, in its sole discretion, charge lower management fees or waive account minimums based on certain criteria including product type, investment strategy, Client type, Client domicile, services provided, the Client's historical relationship with the Firm, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under

management, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions, level of client servicing required and other factors the Firm deems relevant. The Firm, in its sole discretion, may also waive or charge lower management and/or performance fees and waive account minimums for employees, including portfolio managers, affiliates or relatives of such persons. The Firm, or an affiliate, may also enter into "side letter" agreements with certain investors in private investment funds to provide more favorable investment terms to these investors than those described in a fund's offering documents. These terms may include waiver or reduction in management fees and/or performance fees or allocations, special rights to make future investments or withdrawals and supplemental reporting. Assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to the Firm's policies and procedures.

The Firm is limited in its ability to negotiate fees due, in part, to existing Client contracts, which require equivalent pricing. Under the terms of these agreements, the Firm is generally required to charge the same fee schedule to similarly-situated Clients. The Firm generally considers Clients to be similarly-situated if they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment composite, are of the same Client type, require a similar level of Client servicing and have a similar account size among other factors the Firm deems relevant.

Termination

A Client may terminate its investment advisory agreement before its expiration date by providing written notice to the Firm. Each advisory agreement will specify the timing that an early termination may take effect after notice is received from the Client and whether an early termination fee will be imposed. Such early termination fees, if any, may include (i) a lump sum payment, (ii) a percentage of outstanding fees, or (iii) a pre-determined amount based on the performance of the Firm. All such early termination fees will be contractually agreed upon by the Client and the Firm.

Upon termination of an investment advisory relationship or agreement with any Client who has paid in advance, the Firm will refund to such Client the pro-rata portion of any advance payment, net of any termination fee, if any, based on the number of days remaining in the billing period after the date of termination, provided that nothing else was specified in the individual Client contract.

Billing

Generally, management fees are deducted from the Clients accounts, in accordance with its governing documents.

Other Expenses

Clients may be responsible for and do incur other expenses separate and apart from the Firm's investment management or performance fees. These expenses typically may include organizational and offering expenses, all expenses incurred in connection with the making, holding, management, sale or proposed sale of any Client investment, including commitment fees, interest expense, taxes, brokerage commissions and other transactional charges, any expenses associated with proposed investments that are ultimately not made by the Client, consultants' and other experts' fees, prime brokerage fees, research, legal and due diligence expense (including travel and lodging expenses) and custody expense. In addition, the Client may pay its direct operating expenses, such as offering expenses, legal, accounting, audit and tax preparation expenses, premiums for liability insurance covering the Firm and interested affiliates and the

members, partners, directors, officers, employees and agents of any of them, printing and mailing costs, fees of the administrator, market information systems and computer software expenses, fees of pricing services and financial modeling services, filing fees, regulatory and compliance costs, and any extraordinary expenses (including indemnification or litigation expenses) and certain other fees and expenses that may be authorized under a Clients Offering Documents or investment management agreement.

Advance Billing

The Firm may charge a management fee in advance or in arrears for any funds it may manage, calculated and paid in general in US Dollars. With respect to Separate Account, management fees may be paid quarterly or monthly, in advance or in arrears, as agreed to with the Client. Investors in the funds who withdraw will generally not be refunded any portion of the management fee payable for that calendar quarter. For Separate Accounts that are terminated prior to the end of the period and where fees were paid in advance, the fees will be refunded only if agreed to by the parties or as specified in the respective contract.

Sales-based Compensation

No supervised person accepts compensation for the sale of securities or other investment products. This practice presents a conflict of interest and gives the Firm or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs.

However, the Firm and/or its affiliates may receive advisory fees, organization or success fees, break-up fees, directors' fees and/or other similar fees from the issuer of any portfolio investment; provided, that 100% of the amount of all such fees will be applied to reduce future management fees payable by the Client, as reasonably determined by the Firm based on the proportion of the actual or prospective investment in the applicable security made or to be made by the Client versus that made by the Other Accounts (collectively, "Other Compensation") and with respect to each Limited Partner based on its capital account balance relative to the capital account(s) balances of the other Partners as of the date the management fee reduction is applied as set forth in the immediately succeeding paragraph (the "Reduction Amount"); provided, however, that the Reduction Amount will be decreased by all out of pocket expenses incurred by the Firm and its affiliates in connection with the transactions out of which such Other Compensation arose.

To the extent management fees are waived or reduced for a Limited Partner, the portion of Other Compensation that would have been used to offset management fees that would otherwise have been borne by such Limited Partner will not be applied to reduce management fees borne by other Limited Partners.

The Other Compensation will be applied to reduce the management fee next payable after receipt of the applicable Other Compensation (but not to an amount below zero) and to the extent not so applied will be carried forward for application against future installments of the management fee.

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

The Firm charges some Clients Performance Fees (or Incentive Fees), i.e. a fee based on a share of capital gains or capital appreciation of the Client's assets under management or a fee based on the realized IRR by the Clients from the funds invested by the Firm. Performance-based compensation may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation is calculated may, in certain circumstances, include unrealized appreciation and depreciation of investments that may not ultimately be realized.

The Performance Fee is charged by the Adviser (or its affiliate) in compliance with Rules 205(a)(1) and 205-3 under the Advisers Act. The management fee and performance fee are negotiable. The Firm, in its sole discretion, may waive or reduce the management fee and/or the performance fee or amend any other restrictions with regard to investors that are employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors. The Firm believes that its compensation is competitive with compensation charged by other investment advisers for comparable services.

Performance fees are only charged to "qualified clients" in accordance with Rule 205-3 under the Advisers Act. In the future, not all compensation arrangements will necessarily include a performance component, and the rate and nature of the calculation of performance compensation and bonuses may vary.

Performance fee calculations and hurdle rates may differ from Client account to Client account which may result in certain conflicts of interest, such as motivating the Firm to invest Client accounts in assets with heightened risk profiles that have the potential to produce relatively higher returns or causing the Firm to favor certain Clients over others.

In addition, the Firm may compensate or provide discretionary bonuses to portfolio managers that are based on, among other things, the performance of Client accounts they manage or are otherwise responsible for, or based on the outcome of the specific advisory project. The Firm or its personnel or affiliates may have other pecuniary interests in the Firm's advisory Client's Accounts.

SPECIFIC CONFLICTS OF INTEREST AND THE FIRM PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, the Firm and its personnel face actual and potential conflicts of interest, including an incentive to favor those Client Accounts in which the Firm or its personnel have greater pecuniary interests over other Client Accounts. Such conflicts of interest and the Firm's practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, the Firm addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by the Adviser's investment staff.

- **Allocation of Investments.** The Firm may have an incentive to allocate investment opportunities based on pecuniary interest. The Firm and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among Client Accounts having different fee structures or pecuniary interests, including Client Accounts in which an affiliate is an investor. Through its relevant policies and procedures, the Firm seeks to promote fair and equitable treatment of Client Accounts (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests.

- **Compensation of the Firm and its Personnel.** The Firm and its personnel have an incentive to take on more risk when compensation is based on performance: The receipt of performance-based compensation and the payment of bonuses relating to performance of Client Accounts creates an incentive to make riskier investments than might be made in the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Client and the Firm. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in *Item 13*, the Firm reviews the Client Accounts that it advises on a regular basis to monitor risk levels. In addition, engaging in high risk investment practices that cause adverse performance will have a negative impact on the receipt by the Firm of performance-based compensation and the receipt of discretionary bonuses paid to portfolio managers.
- **Performance-based Fees for Adviser and Valuations.** When the Firm's compensation is based on the value or performance of investments, the Firm has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a Client's Account, the Firm's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that the Firm may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. The Firm seeks to mitigate this conflict by valuing assets in accordance with its valuation policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In general the Firm considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets. The Firm further seeks, on a best effort basis, to receive third party valuations from broker/dealers for security holdings of the Firm's Client Accounts.
- **Cross-Transactions.** When the Firm engages in cross-transactions, it has an incentive to favor Client Accounts in which it has a greater pecuniary interest: the Firm may, from time to time, enter into cross-transactions between the various Client Accounts it advises. The Firm will conduct such transactions in accordance with policies to promote fairness to all participating accounts (e.g., by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Client Account, cross transactions are subject to Client consent prior to settlement. Information about said transaction, including the nature of the rebalancing transaction, the price at which it will be effected and the Firm's position as principal, if applicable, are provided to allow the Client to determine whether or not to consent.
- **Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by-side management are mitigated by the Firm's relevant policies and procedures. As a general principle, the Firm requires that potential conflicts of interest be addressed by placing Client interests before personal or proprietary interests. The Firm has also instituted policies to promote fair treatment of Client Accounts based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

Item 7 Types of Clients

The Firm serves as an investment advisor primarily to the private investment pool vehicles ("Funds").

Investors in the Funds must generally be "accredited investors", as defined in Regulation D under the Securities Act of 1933, as amended ("Securities Act") and "qualified purchasers", as defined in the Investment Company Act of 1940, as amended ("1940 Act"). As such, the Funds, the Firm manage is exempt from registration as investment companies under the 1940 Act through the exemption provided by Section 3(c)(7) of the 1940 Act. Each Fund imposes minimum investment limits upon investors in the Funds (such limits can be found in the relevant Fund Offering Documents). In the future, the Firm may acquire other types of Clients.

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

Methods of Analysis and Investment Strategies

The Firm utilizes a differentiated strategy by leveraging the capabilities and advantages of both private equity and distressed investment principles to identify deep-value opportunities across the capital structure. The Firm is a fundamental, bottom-up investor that seeks to invest in companies that (i) are valued at material discounts to their intrinsic value, (ii) generate high annual free cash flow, and (iii) provide the potential to generate an absolute return of 2+x invested capital over an intermediate 2-4 year hold period.

The Firm seeks investment opportunities in private equity, distressed credit and public equity securities. The Firm will generally focus its analysis on small to middle market companies located in the United States. Prior to making an investment, the Firm carries out extensive analysis of a target investment.

The Firm's philosophy is to approach each investment as an opportunity to potentially further enhance value by leveraging the Firm's background in capital structure, operational and/or strategic change. Whether public or private investments, the Firm generally seeks to affect this through a constructive approach with senior management with a focus on corporate strategy, merger and acquisition activity, operational discipline, and financial structuring. The Firm strongly believes in economic alignment of interests between its investments and the senior management of those investments. The Firm does not seek to run day-to-day operations.

Fundamental Business Diligence. The core assessment of any target investment begins with a thorough assessment of the target investment's industry, its business and relative competitive position. The Firm seeks investments in industries and companies with strong fundamental growth prospects, attractive economic positioning, and defenses to competitive entry. The business due diligence process includes, but is not limited to, each competitor's relative position, market and segment shares, technology, management, financial capability, and implicit future strategy.

Unit Economics. The Firm seeks to assess the unit economics of a company by evaluating a company's (or its divisions when applicable) revenue and cost structure by the identifiable variables that primarily impact results. The fundamental aspect of unit economics requires assessment of the revenue business model and the fixed and variable nature of expenses. Prepared with an understanding of the factors that will drive a business's cost position, strategies and actions can be developed that will reduce costs and improve margins, eliminate unnecessary costs, and build sustainable advantage and value.

Capabilities and Assets. Generally, a business enjoys, or can develop, distinctive capabilities that set it apart from other participants in its industry. The value and potential of these capabilities can be assessed from a financial perspective. These capabilities may include design and manufacturing expertise, brand franchise, distribution strength, market share, and technology.

Capital Structure. The Firm evaluates, and when applicable seeks to implement, capital structures for flexibility, liquidity and covenants that would mitigate risk or create opportunities for a target investment.

Exit Analysis. A core assessment of the investment underwriting process is exploring the alternative options for exiting the investment in the future.

Investing Risks

Investing in securities in general involves the risk of loss that investors should be prepared to bear. Each Client account, if any, has risks which are specific to its particular investment strategies. For more information about the risks of each Firm Client, please see the Offering Documents for that particular Client account. Generally, however, investors in the Firm's managed Funds are exposed to, including but not limited to, the following risks:

Price Volatility Risk. The market value of the investments made by the Firm on behalf of Advisory Clients may decline unexpectedly with changes in market rates of interest, default risk, general economic or political conditions, industry of investment specific developments, or the condition of financial markets. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk.

Asset Selection Risk. The market value of the investments made by the Firm on behalf of Advisory Clients may decline due to the Firm's error in judgment as to the true value of the investment or adverse developments the Firm fails to anticipate.

No Assurance of Investment Return. The Adviser cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Adviser will be able to generate returns or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. There can be no assurance that expected returns for the investments will be achieved, or that the investors in the Funds will receive a return of their capital.

Credit Risk. Investments into debt instruments made by the Firm are subject to credit risk. Credit risk refers to the likelihood that an obligor will default in the payment of principal or interest on an instrument. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and debt instruments that are rated by rating agencies are often reviewed and may be subject to downgrade. The value of a debt instrument may decline because of concerns about an obligor's ability to make principal or interest payments.

For certain Advisory Clients the Firm actively seeks to make investments in securitized products, which may be backed by collateral comprised of debt investments consisting of both investment grade securities, rated Baa or higher by Moody's or BBB or higher by S&P, and lower-rated investments (non-investment grade), rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality), including but not limited to "leveraged loans" and "high-yield" bonds. These investments are regarded as

“high-yield” or “junk” and are seen as predominately speculative with respect to the obligor’s continuing ability to meet principal and interest payments.

Analysis of the creditworthiness of obligors/issuers/issues of lower-rated investments, loans or bonds, may be more complex than for obligors/issuers/issues of higher quality. The investments of the Firm might incur a loss due to losses of the collateral backing the investments.

Nature of Investments — Illiquidity. The Adviser’s investments may consist of securities that are subject to restrictions on sale under U.S. securities laws (“Restricted Securities”). Generally, the Adviser will not be able to sell these Restricted Securities publicly in the U.S. without the expense and time required to register the securities under the Securities Act or will be able to sell the Restricted Securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When Restricted Securities are sold to the public, the Adviser may be deemed a controlling person, or possibly an “underwriter,” with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act. In addition, practical limitations may inhibit the Adviser’s ability to liquidate certain of its investments in the portfolio companies since the issuer will be privately held and the Adviser and the Funds may own a relatively large percentage of the issuer’s equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of the Adviser’s investments could prevent a successful sale thereof, result in a delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

Financial Market Fluctuations. General fluctuations in the market prices of securities may affect the value of the investments held by the Adviser and the Funds. Instability in the securities markets may also increase the risks inherent in the Adviser’s investments. There can be no assurance that the market will become more liquid than it is at present and it may well continue to be volatile for the foreseeable future. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and the Adviser may be unable to dispose of an investment at a price that the Adviser believes reflects the investment’s fair value. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted.

Interest Rate Risk. Rising interest rates will cause the prices of existing bonds in the market to fall. Longer maturity bonds will typically decline more than those with shorter maturities. If the Firm’s clients hold longer maturity bonds and interest rates rise unexpectedly, their price could decline. Falling interest rates will cause a client’s portfolio income to decline, as maturing bonds are reinvested at lower yields. Clients should expect their monthly income to fluctuate with changes in its portfolio and changes in the level of interest rates.

Prepayment Risk. Most high-yield securities, leveraged loans, and structured credit investments may be fully or partially be prepaid by the issuer prior to final maturity. Clients may experience reduced income when an issuer prepays an instrument held by the client earlier than expected. This may happen during a period of declining interest rates.

High Yield Security Risk. Investments, directly or indirectly, in high yield securities can involve a substantial risk of loss. These securities, which are rated below investment grade, are considered to be speculative with respect to the issuer’s ability to pay interest and principal and they are susceptible to default or decline in market value due to adverse economic and business developments.

Non-Diversification Risk. The concentration of investments in anyone instrument or obligor would subject an Advisory Client to a greater degree of risk with respect to defaults by such instrument or obligor, and the concentration of investments in anyone industry or country would subject an Advisory Client to a greater degree of risk with respect to economic downturns relating to such industry or country. Any concentration with respect to any particular instrument, obligor, industry or country could ultimately result in significant losses to an Advisory Client of the Firm.

Public and Private "Side" Risk. Loans are negotiated, structured, administered and, as the situation arises, amended on the basis of the borrower providing its lenders with confidential information about the borrower's business. At times, such information may contain material, non-public information. Under applicable law, the Firm and its related persons are prohibited from improperly disclosing or using material, non-public information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of the Firm. However, investors in loans may choose whether to receive borrower information that contains material, non-public information. Investors that choose to participate on the "private side" (i.e., investors that choose to obtain borrower information that contains material, non-public information) generally may not purchase or sell (but may continue to hold) the public securities of the borrower (e.g., high-yield bonds, convertibles, equities) until such time as the information in the Firm's possession is no longer deemed material, non-public information. The Firm may participate on either the "private side" or "public side" (i.e., choose to obtain borrower information that does not contain material, nonpublic information). However, if the Firm participates on the "public side" to avoid such trading restrictions, the Firm will not have access to borrower information that may be advantageous to a Fund or Account. Furthermore, other market participants could have possession of, and benefit from, such information.

Legal and Regulatory Risks. Legal, tax and regulatory changes could occur that may adversely affect the Adviser's investments for the Funds. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Adviser and the ability of the Funds to obtain the leverage they might otherwise obtain or to pursue their trading strategies. New laws or revised regulations imposed by the SEC, other governmental regulatory authorities, self-regulatory organizations or industry bodies that supervise the financial markets that could adversely affect the Adviser and the Funds may be adopted in the future. The Adviser and the Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these regulatory authorities or self-regulatory organizations.

Nature of Investments — Other Risks. Investments in securitized products, structured or alternative credit products (including, but not limited to leverage loans and High-yield debt investments) may be subject to a variety of risks not generally associated with other debt obligations, including but not limited to structural risk, lender liability and certain other risks.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE INVESTMENT RISKS THE FIRM AND ITS CLIENTS ARE EXPOSED TO AS A PART OF THE FIRMS BUSINESS.

Item 9 Disciplinary Information

This Item requests information relating to legal and disciplinary events in which the Firm or any supervised persons, as defined by the Advisors Act, have been involved that are material to client's or prospective client's evaluations of the Firm's advisory business or management. There is no reportable material legal or disciplinary events related to the Firm or any of its supervised persons. In the ordinary course of the Firm's business, the Firm, its affiliates and employees have not in the past been subject to any formal or informal regulatory inquiries, subpoenas, investigations, legal or regulatory proceedings involving the SEC, or any other regulatory authorities, including private parties and self-regulatory organizations (SRO).

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Broker-Dealers

The Firm is not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. The Firm has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

Affiliated CPO and/or CTA

The Firm is not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The Firm has no existing or pending affiliations with a futures commission merchant, commodity pool operator, a commodity trading advisor.

The Firm relies on an exemption from registration under CFTC Rule 4.13(a)(3) with the Commodity Futures Trading Commission ("CFTC") and therefore the Firm is exempt from registration as a commodity pool operator ("CPO").

Relationship or Arrangements with Affiliates and/or Related Persons

The Firm has an affiliation with Nexus Partners GP, LP, a Delaware limited partnership, through common control and acts as the general partner to a Firm sponsored private investment fund.

The Firm, in its capacity as the investment manager, provides sub-advisory services to a non-sponsored private investment vehicle for an unaffiliated registered investment advisor.

There are inherent conflicts of interest when a related person provides services to an adviser and its clients, in that such arrangements may not be conducted at "arm's length" and that the Firm may have an incentive to favor a related person over an independent third party. The Firm generally does not recommend non-affiliated investment advisers to Clients or prospective Clients. *See Item 11 – Code of Ethics for a discussion of the Firms policies and procedures, which are designed to minimize conflicts of interest.*

Conflicts Related to Affiliations and Other Legal Restrictions

The Firm may be restricted by law, regulation, or contract as to how much of a particular security it may invest on behalf of a Client, and as to the timing of a purchase or sale. For example, holdings of a security on behalf of the Firm's Clients may, under some SEC or state regulations, be aggregated with the holdings

of that security by its affiliates. These holdings, on an aggregate basis, could exceed certain regulatory reporting thresholds unless the Firm, as well as its affiliates, monitor and restrict additional purchases.

Item 11 Code of Ethics

A copy of the Firm's code of ethics ("Code of Ethics") is available upon request to Clients or prospective clients.

The Code of Ethics is based upon the premise that all Firm personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of the Firm; (3) observe the Firm's personal trading policies so as to avoid "front-running" and other conflicts of interests between the Firm and its Clients; (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by the Firm's Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by the Firm, up to and including termination.

Standards of Conduct: The Firm and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and the Firm or Client.

Ethical Business Practices: Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Political contributions or payments to government officials or employees may not be furnished on behalf of the Firm. The Firm seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from participating in online blogging, unapproved communication with the media, and the spreading of false rumors pertaining to any publicly traded company.

Confidentiality: Employees must maintain the confidentiality of the Firm's proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. The Firm has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those Employees and outside parties who may need to know it in order to fulfill their responsibilities.

Gift and Entertainment Policy: Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, employees should always act in our best interests and that of our Clients and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of our business relationship.

Personal Trading

Personal Trading Policy: Access persons are allowed to trade reportable securities, however all transactions in reportable securities must be pre-approved by the Chief Compliance Officer or his/her designee. Except in very limited circumstances approved by the Chief Compliance Officer, access persons are not permitted to trade any security of which we or the Fund own any portion of the capital structure or that is on our restricted list without permission. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or his/her designee for compliance with the personal trading policy and applicable SEC rules and regulations.

Prohibition against Insider Trading: The Firm forbids any access person from trading, either personally or on behalf of others, including Clients advised by the Firm, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as “insider trading”. The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

Reporting Requirements: In compliance SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with the Firm, within 10 days of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

Privacy Policy: The Firm has adopted a privacy policy that explains the manner, in which the Firm collects, utilizes and maintains nonpublic personal information about Clients. The Firm recognizes and respects the privacy concerns of their potential, current and former Clients. The Firm is committed to safeguarding this information. As a member of the financial services industry, the Firm will provide this Privacy Policy for informational purposes to Clients and Employees and will distribute and update it as required by law. The Privacy Policy is also available to upon request.

Collection of Information and Disclosure of Nonpublic Personal Information: To provide Clients with effective service, the Firm may collect several types of nonpublic personal information about Clients, including: (i) information from forms that Clients may fill out, such as subscription forms, questionnaires and other information provided by Clients in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information Clients may give orally; (iii) information about transactions within the Firm, including account balances, investments and withdrawals; (iv) information about the amount Clients have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts Clients may use for transfers to or from separately managed accounts (if applicable).

Disclosure of Nonpublic Personal Information: The Firm does not sell or rent Client information. The Firm uses this information to conduct business with its Clients: to develop or enhance its products and services; to understand the financial needs of its Clients so that the Firm can provide such Clients with quality products and superior service; and to protect and administer its Clients' records, accounts and funds. The Firm does not disclose nonpublic personal information about its Clients to nonaffiliated third parties or

to affiliated entities, except as permitted or required by law. For example, the Firm may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of the Firm; this may include attorneys, accountants, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of Client transactions; (ii) to affiliated companies in order to provide Clients with ongoing personal advice and assistance with respect to the products and services Clients have purchased through the Firm and to introduce Clients to other products and services that may be of value to such Clients; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and (v) upon consent of a Client to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the Client.

Protection of Client Information: The Firm's policy is to require that all Employees, financial professionals and companies providing services on its behalf keep Client information confidential. The Firm maintains safeguards that comply with federal standards to protect Client information. The Firm restricts access to the personal and account information of Clients to those Employees who need to know that information in the course of their job responsibilities. Third parties with whom the Firm shares Client information must agree to follow appropriate standards of security and confidentiality. The Firm's privacy policy applies to both current and former Clients. The Firm may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

Changes to Privacy Policy: The Firm may make changes to its privacy policy in the future. The Firm will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

Potential Conflicts

The Firm, its affiliates and their respective officers, directors, trustees, stockholders, members, partners and employees and their respective funds and investment accounts (collectively, the "Related Persons") engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how we address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the foregoing potential conflicts of interest will be discussed and resolved on a case by case basis. Our determination as to which factors are relevant, and the resolution of such conflicts, will be made using our best judgment, but in our sole discretion. In resolving conflicts, we will take into consideration the interests of the relevant clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

Allocation of Investment Opportunities

The Firm acts as investment adviser to Client's that have similar investment objectives and pursue similar strategies. Certain investments identified by the Firm may be appropriate for multiple Clients. Investment decisions for such Clients are made by the Firm in their best judgment, but in their discretion, taking into account such factors as they believe relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, the size of investments generally, and limitations and restrictions on a Client's Account that are imposed by such client. A particular investment may be bought or sold for only one Client or in

different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular investment may be bought for one or more Clients when one or more other Clients are selling the investment. In addition, purchases or sales of the same investment may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain investment than it would otherwise receive if the applicable Related Advisors did not have a conflict of interest among clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of the Firm's various clients, to take or liquidate the same investment positions at the same time or at the same prices. Certain investment restrictions may limit the Firms' ability to act for a client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of the Firm and result in reduced performance.

The Firm seeks to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities their Clients, including the allocation of limited investment opportunities. Our allocation policy is based on a fundamental desire to treat each Client account fairly over time.

It is the Firm's policy to allocate investments among the accounts of its Clients in a manner which it believes to be fair and equitable. Allocations of investment opportunities should not be based on any of the following, or similar, reasons: (i) to generate higher fees paid by one account over another, or to produce greater fees to the Firm; (ii) to develop a relationship with a Client or prospective Client; or (iii) to compensate a Client for past services or benefits rendered to the Company or any Employee of the Firm or to induce future services or benefits to be rendered to the Firm or any Employee of the Firm.

The Firm's policy, where an opportunity to purchase or sell an investment is appropriate for more than one Client, is to aggregate Client orders when doing so is likely to result in a better overall price or reduced cost for the Client trade. Consistent with its fiduciary duties, the Firm allocates trades to its Clients on an equitable basis as set forth in this policy. Each Client who participates in an aggregated order participates at the average price with all transaction costs shared on a pro rata basis pursuant to these written procedures.

In determining how an investment opportunity is allocated, the Firm may take into account the following considerations: (i) the size, nature and type of investment or sale opportunity; (ii) the investment guidelines and restrictions of the Client; (iii) regulatory and contractual requirements; (iv) pre-determined tactical plan of a Client or Clients and corresponding capital commitments; (v) the cash position of the Client; (vi) liquidity needs/constraints of the Client; (vii) asset/liability management; (viii) minimum trade denominations; (ix) a determination by the portfolio manager that the investment or sale opportunity is inappropriate, in whole or in part, for one or more of the Clients; (x) restrictions under ERISA or other applicable regulations; (xi) tax issues; (xii) the size of a Client's account; (xiii) client risk tolerance; and (xiv) such other factors as the portfolio manager deems relevant.

If all investment orders placed for Client accounts cannot be fully executed under prevailing market conditions, then the securities traded should be allocated among Client accounts a manner the Firm deems to be equitable, taking into account the size of the order placed for each account and any other relevant factors.

Client directed or other restrictions may affect the allocation of an order. If a client directed restriction is placed on a particular security or group of securities the order will be allocated to the other participating accounts as described above.

The Firm formulates written allocation plans in the form of order memoranda based on the investment guidelines, current exposure levels of each Client and other factors set forth above across the various Client accounts including any ERISA Accounts. When a new investment is being made, the Firm allocates investment opportunities among those Clients based upon the percentages determined by the plan.

Position Conflicts

Another type of conflict may arise if we cause one Client account of the Firm to buy a security and another client account to sell or short the same security. Currently, such opposing positions are not permitted within the same account or within any accounts managed by the same portfolio manager without prior trade approval by the Chief Compliance Officer. In addition, transactions in investments by one or more affiliated client accounts may have the effect of diluting or otherwise disadvantaging the values, prices or investment strategies of other client accounts.

Generally, the Firm does not purchase, sell or hold securities on behalf of Clients contrary to the current recommendations made to other affiliated Client accounts. However, because certain Client accounts may have investment objectives, strategies or legal, contractual, tax or other requirements that differ (such as the need to take tax losses, realize profits, raise cash, diversification, etc.), the Firm may purchase, sell or continue to hold securities for certain client accounts contrary to other recommendations. In addition, the Firm may be permitted to sell securities or instruments short for certain Client accounts and may not be permitted to do so for other affiliated Client accounts.

Cross Trading

In an effort to reduce transaction costs, increase execution efficiency, and capitalize on timing opportunities, we may execute cross trades, or sell a security for one affiliated client to another affiliated client, without interposing a broker-dealer. All cross trades are subject to the cross trade procedures set forth in our Compliance Manual. Cross trades, however, may present an inherent conflict of interest because we and/or our affiliates represent the interest of the buyer and seller in the same transaction. As a result, clients involved in a cross trade bear the risk that the price obtained from a cross trade may be less favorable than if the trade had been executed in the open market.

Trade Aggregation

In some circumstances, the Firm may seek to buy or sell the same securities contemporaneously for multiple Client accounts. The Firm may, in appropriate circumstances aggregate securities trades for a Client with similar trades for other Clients, but are not required to do so. In particular, the Firm may determine not to aggregate transactions that relate to portfolio management decisions that are made independently for different accounts or if the Firm determines that aggregation is not practicable, not required or inconsistent with Client direction. When transactions are aggregated and it is not possible, due to prevailing trading activity or otherwise, to receive the same price or execution on the entire volume of securities purchased or sold, the various prices may be averaged

or allocated on another basis deemed to be fair and equitable. In addition, under certain circumstances, the Clients will not be charged the same commission or commission equivalent rates in connection with a bunched or aggregated order. The effect of the aggregation may therefore, on some occasions, either advantage or disadvantage any particular client.

From time to time, aggregation may not be possible because a security is thinly traded or otherwise not able to be aggregated and allocated among all affiliated client accounts seeking the investment opportunity or a client may be limited in, or precluded from, participating in an aggregated trade as a result of that Client's specific brokerage arrangements. Also, an issuer in which Clients wish to invest may have threshold limitations or aggregate ownership interests arising from legal or regulatory requirements or company ownership restrictions, which may have the effect of limiting the potential size of the investment opportunity and thus the ability of the applicable client to participate in the opportunity.

Conflicts Related to Valuation

The Firm may have a role in determining asset values with respect to Client accounts and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because the Firm may be paid an asset-based fee on certain Client accounts. In order to mitigate these conflicts, the Firm determines asset values in accordance with valuation procedures, which are set forth in the Firm's Compliance Manual.

Approach to Other Potential Conflicts

Various parts of this Brochure discuss potential conflicts of interest that arise from our asset management business model. We disclose these conflicts due to the fiduciary relationship we have with our investment advisory Clients. As a fiduciary, the Firm owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between the Firm and Clients; or between our employees and our Clients. Where potential conflicts arise, we will take steps to mitigate, or at least disclose, them. Conflicts that we cannot avoid (or chose not to avoid) are mitigated through written policies that we believe protect the interests of our Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, we believe that we handle these conflicts appropriately. These interactions are not static; our business is continually evolving and changes in the Firm's activities can lead to new potential conflicts. We review our policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

Item 12 Brokerage Practices

Selecting or Recommending Broker-Dealers

Consistent with its duty to obtain "best execution" for its Advisory Clients, the Firm exercises this discretion by seeking the best information, research and other services available. The Firm does not recognize an obligation to obtain the lowest priced execution regardless of qualitative considerations in selecting brokers or dealers to execute transactions, but will generally seek the most favorable total transaction costs under the circumstances. The Firm does not solicit competitive bids on each transaction to seek the lowest

available commission costs, but rather may take into account the full range and quality of services that benefit Advisory Clients when selecting a broker.

In selecting brokers and negotiating commission rates, the Firm may take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the Advisory Clients on whose behalf trades are entered may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or other services provided in return. Finally, it is noted that since commission rates are generally negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

Soft-Dollars Arrangement

It is not the practice of the Firm to exclusively negotiate “execution only” commission rates, thus the Advisory Clients may be deemed to be paying for research and other services provided by the broker which are included in the commission rate.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Firm will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e).

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); due diligence provided by third-party research providers and/or broker-dealers which the Firm may or may not execute trades through; certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services that may be required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Brokers may sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocations or may exceed the suggestions because total brokerage is allocated on the basis of all the considerations described above. A broker will not be excluded from receiving business simply because it has not been identified as providing research services.

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

The proportion of the product or service attributable to assisting the Firm in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Firm from its (or their) own resources.

The Firm has the right, at its discretion, to change the brokerage arrangements described above without further notice to investors.

As of the date of this ADV, the Firm does not use "Soft Dollars".

Brokerage for Client Referrals

The Firm does not consider, in selecting or recommending a broker dealer, whether the Firm or a related person receives Client referrals from that broker-dealer.

Directed Brokerage

The Firm does not accept Clients who require the Firm to execute transactions through a specified broker-dealer. Clients may recommend that the Firm uses their preferred broker-dealer(s). The Firm will use such broker-dealer(s) subject to its determination that said broker-dealer provides best execution of the client transactions.

Aggregation (Bunching) of Trades

Transactions in investment advisory accounts are normally implemented on a consistent basis across accounts. In order to accomplish this, orders are aggregated (bunched) and allocated pro-rata to the nearest round lot. Bunching avoids placing competing orders, improves order management, and may, because of larger order size, permit some degree of price improvement relative to a series of individually placed orders. *See Item 11 – Code of Ethics for more information about Trade Aggregation conflicts of interest.*

Item 13 Review of Accounts

Periodic Account Review

Mr. Damian J. Giangiacomo and Mr. Michael S. Cohen, are ultimately responsible for the Advisory Clients. It should be noted that the Firm may delegate certain portfolio management and responsibilities to designated Firm employees.

The portfolio manager responsible for an Advisory Client ensures that account activity is reviewed on a regular basis and that account guidelines and certain account restrictions are being followed. The portfolio managers may designate other Firm employees to review accounts. In general, the Firm maintains comprehensive review procedures for the ongoing monitoring of the portfolio investments of its Clients.

In addition, the Chief Compliance Officer will periodically review the trade policies and procedures to ensure that it represents the Firm's current practices and (to the best of its reasonable knowledge and belief) is in conformity with applicable law and regulations. The Firm has written trade allocation procedures in place which were designed to seek to ensure that all investors and Advisory Clients are treated fairly.

Client Reports

In general, reports showing transactions and positions are sent to the Clients by qualified custodians. Quarterly account statements showing performance (unaudited) are sent to Investors by the administrator. In addition, the Clients' realized gains/losses, interest and dividends earned are reported to Clients annually. Each Investor in a Fund also will receive the following: (i) annual financial statements of a Fund, audited by an independent certified public accounting firm; (ii) in the discretion of the Firm or an affiliate of the Firm, a periodic letter and/or report discussing the results of the accounts; (iii) copies of such Investor's Schedule K-1 to a Fund's tax returns (this applies to Investors in onshore Funds only); and (iv) other reports, as determined by the Firm or an affiliate of the Firm in its sole discretion. Additionally, within 120 days of year-end, Investors receive GAAP-compliant audited financial statements.

Item 14 Client Referrals and Other Compensation

The Firm may compensate third parties for Client referrals (each a "Solicitor"). Before making payments for any referral, the Adviser requires each "solicitor" to enter into a written referral agreement. The Firm may pay the solicitor a portion of its own fee received from Clients introduced by that third-party marketer or salesperson for the length of the term of the Client's account with the Firm. Typically, this fee is representative of a percentage of assets under management and as a percentage of any other fees earned by the Firm calculated by an agreed-upon formula. The Adviser may also pay certain expenses incurred by the solicitor for services performed on behalf of the Adviser.

The solicitor is required to present to any prospective Client (other than potential hedge fund or private investment fund investors) a document including: the name of the solicitor; the name of the investment advisor he represents (e.g. Advisor); the nature of the relationship, including disclosure of any affiliation between the solicitor and the Advisor; a statement that the solicitor will be compensated by the Advisor, including the terms of that compensation arrangement; and the amount, if any, of the cost of obtaining the account that the client will be charged in addition to the Advisor's advisory fee, including the differential, if any, among Clients with respect to the amount of advisory fees if such differential is attributable to the existence of any arrangement pursuant to which the Advisor has agreed to compensate the solicitor.

All arrangements will comply with the conditions and requirements of Rule 206(4)-3 under the Advisers Act.

Item 15 Custody

The Firm does not act as custodian for Client assets. The Firm maintains Client assets with a Qualified Custodian as defined in Rule 206(4)-2 of the Advisers Act. However, under Rule 206(4)-2 under the Advisers Act, the Firm may be deemed to have custody of Client assets.

When the Firm opens an account for a Client, the Firm will notify the Client in writing of the Qualified Custodian's name and address and the manner in which the funds or securities are maintained. The Firm will ensure that all Client account statements are sent directly from the Qualified Custodian to each Client. The Firm will notify its Clients in writing of any change in its custody arrangements.

Clients are instructed to make all payments to their accounts by wire transfer directly to the bank or brokerage firm acting as custodian for that Client. Payments for subscriptions in investment funds managed by the Firm should be sent by wire transfer directly to the Fund Administrator of the investment fund. Any

check received inadvertently from a Client should be returned to the Client promptly and in any event within three business days. It is not the Firm's policy to forward such assets to the intended third party recipient despite the delays inherent in returning them to the sender solely to be redelivered to the intended recipient. It is important to note that the policy is not applicable to the Firm's possession of a check drawn by a Client and made payable to a third party.

Pursuant to Rule 206(4)-2 the Firm will cause each Fund that it advises to distribute audited financial statements, prepared in accordance with GAAP by an independent public accountant registered with the Public Company Accounting Oversight Board ("PCAOB"), to investors no later than 120 days after the end of each fiscal year.

Item 16 Investment Discretion

The Firm has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for a Client, subject to any limitations imposed in the Offering Documents or investment advisory agreement.

Item 17 Voting Client Securities

Proxy Voting Authority

The Firm understands and appreciates the importance of proxy voting and will generally manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on established policies and guidelines. In the course of exercising discretion to vote a proxy, the Firm will vote any such proxies in the best interests of Advisory Clients and in accordance with the procedures outlined below (as applicable).

Prior to voting any proxies, the Firm's Chief Compliance Officer will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then make a determination (which may be in consultation with a third-party compliance consultant) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Chief Compliance Officer will, following discussion with the Firm's investment personnel, make a decision on how to vote the proxy in question.

The Firm also has the flexibility to abstain from a particular proxy vote when it is determined to be in the best interest of investors.

Please let the Firm's Chief Compliance Officer know if you have any questions about these procedures or if you would like detailed information of how any proxies were actually voted. The Chief Compliance Officer can be contacted at (469) 458-3754 or caw@nexuslp.com.

Item 18 Financial Information

The Firm does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279.

There is no financial condition that is reasonably likely to occur that would impair the Firm's ability to meet contractual commitments to Clients. The Firm has not been the subject of a bankruptcy petition during the past ten years.