

ITEM 1. COVER PAGE

MICHAELSON CAPITAL SPECIAL FINANCE, LLC

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May 26, 2015

This brochure provides information about the qualifications and business practices of Michaelson Capital Special Finance, LLC. If you have any questions about the content of this brochure, please contact us at 212-433-1360 or vcapone@michaelsoncapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Michaelson Capital Special Finance, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

This brochure, dated May 26, 2015, represents an amended disclosure document that Michaelson Capital Special Finance, LLC is providing pursuant to SEC rules that were amended on July 28, 2010. On January 1, 2015, the Michaelson Capital Special Finance Fund LP (the "Fund") amended its redemption terms to provide for calendar quarter redemptions by limited partners following 180 days prior written notice with a Fund level cap on redemptions in any calendar quarter of 12.5% of the Fund's NAV.

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Michaelson Capital Special Finance, LLC ("Registrant") is an investment adviser that is registering with the SEC under the Investment Advisers Act of 1940 ("Advisers Act"). Imperium Commercial Finance LLC, a Delaware limited liability company and an affiliate of the Registrant is also an investment adviser and is registering as a "relying adviser" on the same Form ADV as Registrant (a "Relying Adviser"). As such, this brochure contains information regarding the advisory activities of Registrant and the Relying Adviser as though all advisory activities were conducted as a single advisory business under the name Michaelson Capital Partners. Thus, the term "Michaelson Capital Partners" and the terms "we" or "us" or "our", when used in this brochure, are intended to be references to the advisory business of the Registrant, together with the Relying Adviser, as though they were a single entity.

This brochure explains the investment advisory services we provide to our clients (collectively, the "advisory business"), and provides important information about us.

ITEM 4. ADVISORY BUSINESS

Michaelson Capital Partners was established on March 31, 2011 and, either through Registrant or the Relying Adviser, serves as an investment adviser to the separate accounts of certain high net worth individuals and to certain private funds, including Michaelson Capital Special Finance Fund LP, and Michaelson Capital Overseas Special Finance Fund, Ltd. (each a "Fund" and collectively, the "Funds"). Our principal business involves providing asset management services to high net worth individuals, through separately managed accounts (each, an "Account" and collectively, the "Accounts"), and to the Funds. Generally, we have discretion with respect to the investments for each Account and the Funds, and we select and monitor investments for each pursuant to the investment objective for each Account and each Fund, under and pursuant to the terms of an advisory agreement with each Fund and the owner of each Account. This section of the brochure describes our advisory business, including:

- Our ownership structure;
- The types of advisory services we provide; and
- The amount of assets that we manage.

A. Ownership Structure

Registrant is a Delaware limited liability company wholly-owned by Michaelson Capital Partners, LLC ("MCP" or "Michaelson Capital Partners"). MCP is majority-owned by John Michaelson (70.00%), with minority ownership by Vincent S. Capone (10.00%), James J. McKay III (10.00%), William C. Steward (5.00%), Andrew Robin (2.50%) and John F. O'Brien (2.50%). The Registrant serves as an investment adviser to the separate accounts of certain high net worth individuals and provides advisory services to the Funds and its Relying Adviser.

B. Advisory Services

Michaelson Capital Partners' advisory business consists of providing discretionary advisory services to the Funds and to certain high net worth individuals through the Accounts. Investments on behalf of clients in the Funds and the Accounts may include debt instruments including senior secured loans, convertible promissory notes, loans against accounts receivable and other assets, equity investments in public and private companies, convertible promissory notes, investments in publicly-traded stocks and bonds and other debt or equity investments that suit the risk and return requirements of our clients. Advisory services to individuals are tailored initially by means of an interview to determine the client's risk profile. Among the matters addressed in that interview include, but are not limited to, the percentage of total wealth available for investment, periodic and strategic liquidity requirements, risk tolerance, return expectations and diversifications. Account clients are permitted to impose reasonable restrictions regarding investments in certain securities or types of securities. An investment strategy document is then created and presented to the client for approval. Subsequent changes are made to this strategy as circumstances warrant following quarterly client review meetings. The private offering memorandum of

each Fund describes its particular investment objective, strategy, and restrictions, if any. As of December 31, 2014, there were no Account clients.

The Michaelson Capital Special Finance Fund, LP ("MCSFF") invests primarily in indebtedness offerings to growth companies in the small to middle market. MCSFF may also make direct equity investments in public or private companies in an amount to approximate no more than 20% of the net asset value of the Fund. The Fund's performance objective is for a net return to investors of at least 1% monthly without investing in certain correlated industries (real estate, oil and gas) and without leveraging the assets of the MCSFF with third-party indebtedness to increase the net asset value of the Fund. The Michaelson Capital Overseas Special Finance Fund, Ltd. ("MCOSFF") is a Cayman Islands corporation that is a limited partner in MCSFF. The MCOSFF was formed as part of a "mini-master" structure for offshore investors to invest in MCSFF through an offshore investment vehicle. The MCOSFF is solely a limited partner in the MCSFF and its investment objectives and strategies are identical to those of the MCSFF.

See Item 8 of this brochure for information regarding methods of analysis, investment strategies and risks of loss.

C. Assets Under Management

As of December 31, 2014, the Registrant and its affiliates had \$31.1 million in assets under management in the Funds and Accounts, all of which was managed on a discretionary basis through the Funds and the separately managed Accounts.

ITEM 5. FEES AND COMPENSATION

A. Collecting Our Advisory Fees

Michaelson Capital Partners' compensation depends on the manner in which the advisory services are provided. As an adviser to the Funds, MCP is compensated on a combination of asset-based fees and performance-based fees or allocations, as described in each of the Funds' offering documents. As an adviser to Accounts, MCP is compensated on the basis of asset-based fees and may in certain circumstances charge a performance-based fee. Under certain circumstances, the fees payable for the management of Accounts is negotiable.

The basic fee schedule for the Funds includes an annual fixed fee of 2% of Fund assets under management, calculated and typically payable monthly in advance. The fee schedule may also include a performance fee of up to 20%. A performance fee (or performance allocation as the case may be) is a fee representing an adviser's compensation for managing an account, which is based upon a percentage of the net profits of the account being managed. When calculating net profits, performance fees may be based on absolute or benchmark relative returns, and may be subject to high water marks. However, depending on the characteristics of the Fund, fees may be higher or lower than the stated range. Investors in certain Funds may be subject to initial "lock-up" periods with respect to withdrawals/redemptions and may incur redemption fees for early withdrawals/redemptions or late subscriptions, in accordance with the provisions of each partnership or Fund.

Generally, advisory fees for Accounts are based upon a percentage of assets under management and may vary depending upon the nature of the portfolio to be managed. Account advisory fees are generally 1% of assets under management, payable at the end of the month in arrears. Fees are based upon the valuation methodology agreed to with each client. Depending on the characteristics of the Account, fees are generally negotiable and may be higher or lower than the stated range.

Certain fee arrangements, particularly those associated with Funds, provide for the payment of management fees in advance. Accordingly, if an investor withdraws from a Fund during a month or quarter in which a fee is charged, such circumstances will result in the refund of a pro rata portion of the fee to the Fund investor. The fee arrangements with the Accounts are in arrears, so no fee refund is

applicable to any withdrawal of an Account. Michaelson Capital Partners may deduct the advisory fee from an Account by instructing the custodian or, in the alternative, bill the client for the advisory fee.

Michaelson Capital Partners' fees are exclusive of brokerage commissions, transaction fees, service provider fees, and other related costs and expenses which will be incurred by the Account client or Fund, as applicable. See below under the heading "Other Third Party Non-Advisory Fees and Expenses You May Incur" for a more complete description of these items.

Michaelson Capital Partners may invest Account client assets in the Fund or other pooled investment vehicle advised by the Registrant or a Relying Adviser. In such event, Michaelson Capital Partners will waive receipt of fees under the investment management agreement ("Investment Management Agreement") governing the Account with respect to assets invested in the Fund.

B. Other Third Party Non-Advisory Fees and Expenses You May Incur

To the extent not prohibited by the Investment Management Agreement, each of the Funds will incur costs and expenses, other than our management and performance fees, which are generally borne pro rata by Fund investors, unless otherwise provided under the Fund's governing documents. Examples of these other costs and expenses may include: custodian fees; administrative fees; sales charges; interest charges; and brokerage and other transaction costs and other fees to contractors and service providers engaged by the Fund. In addition, individual Account clients may also incur other fees and expenses beyond our management and performance fees. Examples of these other costs and expenses may include brokerage and other transaction costs, interest charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and taxes. Individual Account clients generally engage and pay for custodial services at their own discretion.

Please refer to the "Brokerage Practices" section below for a more detailed discussion of brokerage practices.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

A performance fee is a fee representing an adviser's compensation for managing an account (such as an Account or a Fund or allocation), which is based upon a percentage of the net positive performance of the account being managed. We reserve the right to negotiate the rate of that performance fee on an account by account basis, provided such fees are in compliance with all existing rules and regulations governing the imposition of fees on client Accounts and the Fund. For other client accounts, Michaelson Capital Partners is compensated solely through a fixed asset-based fee (i.e. based solely on the amount of assets under management for a Fund or Account).

Performance fees create inherent conflicts of interest with respect to our management of assets. Specifically, our entitlement to a performance fee in managing one or more Funds or Accounts may create an incentive for us to take risks in managing assets that we would not otherwise take in the absence of such fee arrangements. Additionally, since performance fees reward us for performance in accounts which are subject to such fees, we may have an incentive to favor those Accounts or Funds over those that have only fixed asset-based fees with respect to areas such as trading opportunities, trade allocation and allocation of new investment opportunities.

As an investment adviser and fiduciary, Michaelson Capital Partners will exercise due care to ensure that investment opportunities are allocated equitably among all clients, regardless of the fee structure. Toward this end, we maintain specific controls built on two principles; fair allocation of trade opportunity and fair allocation of price.

Michaelson Capital Partners' investment professionals simultaneously manage Accounts and the Funds according to the same or a similar investment strategy (also known as side-by-side management). The simultaneous management of different investment products creates certain conflicts of interest, as the fees for the management of certain types of products are higher than others, as the Accounts are charged

an annual management fee of 1.0% excluding investments in the Fund (in which the annual management fee is 2.0% and not charged to the Account holder (through the Account) if the Account is invested in the Fund. Nevertheless, when managing the assets of Accounts and the Funds, Michaelson Capital Partners has an affirmative duty to treat all such accounts fairly and equitably over time.

Although we have a duty to treat all portfolios within an investment strategy fairly and equitably over time, such portfolios will not necessarily be managed the same at all times. Specifically, there is no requirement that we use the same investment practices consistently across all Funds or Accounts. In general, investment decisions for an Account or Fund will be made independently from those of other Accounts or Funds, and will be made with specific reference to the individual needs and objectives of each Account or Fund. Different account guidelines and/or differences within particular investment strategies may lead to the use of different investment practices for portfolios within a similar investment strategy. In addition, we will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible portfolios, particularly if different portfolios have materially different amounts of capital under management or different amounts of investable cash available. As a result, although we manage numerous portfolios with similar or identical investment objectives, the decisions relating to these accounts, and the performance resulting from such decisions, may differ from Account to Account, Fund to Fund, and portfolio to portfolio.

Side-by-side management of various types of portfolios raises the possibility of favorable or preferential treatment of an Account, a Fund or group of Accounts or Funds, arising from differences in fee arrangements. As described above, we maintain and implement procedures in furtherance of our efforts to treat all portfolios fairly and we believe that portfolios subject to side-by-side management will receive fair and equitable treatment over time.

ITEM 7. TYPES OF CLIENTS

Michaelson Capital Partners clients include high net worth individuals and the Funds. Our investment minimums vary according to product and strategy. Generally, our Account minimum is between \$250,000 and \$1.0 million. The minimum investment required to invest in a Fund is described in each Fund's offering document and is set at \$1,000,000; which may be reduced upon the written consent and approval of the General Partner of the Fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The vast majority of the instruments in which we invest client's money are senior secured debt instruments, including term debt, convertible debt and equipment leases. The remainder consists of common stock, warrants, and preferred stock. When we make a loan to a company, we often look to share in the future success of the company through participation in the company's equity, either through stock or warrants. Warrants are generally exercisable at a fixed price and at a premium to the market price at the time of our investment for public companies or the implied market value for private companies.

We invest our clients' assets in a wide range of instruments, including debt instruments including senior secured loans, convertible promissory notes, loans against accounts receivable and other assets, equity investments in public and private companies, convertible promissory notes, investments in publicly-traded stocks and bonds and other debt or equity investments that suit the risk and return requirements of our clients.

We seek to generate current income through the term debt, convertible debt and equipment leases we invest in for client accounts and to obtain capital gains for client accounts through equity and equity related securities associated with investment in such debt instruments such as warrants to purchase common stock and debt convertible into common stock. These investments may include privately structured investments in debt instruments, obligations and securities. We may also invest in other types of instruments and securities, including preferred stock and common stock issued without registration

under U.S. securities laws. We may also invest in “special situations” including management buyouts, restructurings in and out of bankruptcy, and entities formed to purchase loans, trade claims or other situations that meet the client’s risk and return requirements. Such investments may be in a range of securities, including debt and equity.

We also may acquire for client accounts, interests in various debt instruments, obligations and securities that are originated by unrelated third parties, participations in debt instruments, and obligations and securities in which participations may also be acquired by others (including other clients) who will participate in the loans on a pari passu or pro rata basis or on a senior/junior basis. We may also originate for client accounts, debt instruments and securities directly at the client (including Fund) level. With respect to secured investments, the principal collateral may consist of intangible assets and other collateral that is of uncertain value and not easily realizable.

MATERIAL RISKS

Risks of our investment programs generally include liquidity risks, investment risks and operational risks. In some cases risks may fall into one or more of these categories; thus, the classification of a risk into any one category should not be ascribed any independent significance. Fund risks are described in greater detail in each Fund’s offering document and potential investors should read the offering document carefully to determine if an investment in a particular Fund is suitable for the investor.

Liquidity Risks. Liquidity risks arise from the nature of certain portfolio investments, and in the case of the Funds, from product structure. Many portfolio investments will be illiquid and there can be no assurance that a given client will be able to realize on such investments in a timely manner or at all. In particular, ~~the~~ Michaelson Capital Partners may invest Funds and Accounts in debt that is or may become distressed, and the resolution of distressed situations or bankruptcy can delay withdrawals and distributions for significant periods of time. We may also invest Funds and Accounts in securities that are not listed on exchanges, that are not publicly traded and/or for which an established secondary market may not exist. Fund terms that limit investor liquidity may include lock-ups, side pockets, limited withdrawal rights, gates, audit holdbacks, the possibility for suspension of withdrawals, and restrictions on transfer of Fund shares.

Investment Risks. Investment risks include the traditional risks of debt investment, including credit risk, interest rate risk, subordination risk and call risk. Credit risk is the risk that an obligor, or any other party owing payments to another party, becomes unable or unwilling to make timely payments or to otherwise honor its obligations because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client to suffer a potential loss. No assurance can be provided that a borrower’s debt ratings at the time of purchase will not deteriorate during the time their obligations are owned by the Account or Fund, or that highly-rated borrowers will actually pay the full amounts of their obligations. Non-performing loans may require a substantial amount of workout negotiations and/or restructuring and we may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by the Fund or an Account, as applicable. The foreclosure process can be lengthy and expensive. In addition, certain of the loans in which client accounts or Funds invest may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the length of time the client account or Fund is exposed to risk of default.

Obligors that become insolvent may end up in bankruptcy proceedings. Risks inherent in the bankruptcy process include: (i) many outcomes are the product of contested matters and adversarial proceedings and are beyond the control of the creditors; (ii) the effect of a bankruptcy filing on a company may adversely and permanently affect the company; (iii) the duration of a bankruptcy proceeding is difficult to predict and a creditor’s return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until the plan ultimately becomes effective; (iv) the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor’s estate prior to any return to creditors; (v) bankruptcy laws in the relevant jurisdiction may permit the classification of “substantially similar” claims in determining the classification of claims in a reorganization; (vi) in the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims

that might be made; (vii) especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise “domination and control” of a debtor and other creditors can demonstrate that they have been harmed by such actions; and (viii) certain claims that have priority by law (for example, claims for taxes) may be quite substantial.

Market risk associated with debt investments refers primarily to interest rate risk. Trading prices for debt that pays a fixed rate of return tend to fall as interest rates rise and, conversely, prices for debt tend to rise as interest rates fall. Trading prices tend to fluctuate more for fixed-rate securities that have longer maturities. Interest rates are sensitive to many factors beyond our control including governmental monetary and tax policies, domestic, international, political and economic considerations and other factors. Interest rate fluctuations may have a substantial negative impact on a Fund’s or Account’s investments and investment opportunities. Because Funds and Accounts may use margin or leverage to make investments, net investment income may, in part, depend upon the difference between the rate at which the client borrows funds and the rate at which the client invests these funds.

In addition, for some Accounts and Funds, we invest client assets in trade receivables purchased from a merchant with receivables from a commercial obligor, or a party serving as the original factor, or purchaser, of such receivables. With respect to trade receivables, (a) in the event of a default by an obligor, the clients may be exposed to the credit risk of the factor or merchant to the extent the clients have any recourse against the factor or the merchant for breach of contract; (b) in the event of a breach of a representation, warranty or covenant by the factor, the clients will be exposed to the credit risk of the factor to the extent the clients seek any recourse available against the factor; and (c) in the event a court determines that the factor and/or the clients are not entitled to “true sale” treatment of a purchased asset, the result may be that the clients are exposed to the credit risk of the factor or the merchant for repayment.

A Fund or Account may extend credit to an issuer that may have, or may in the future incur, other debt that ranks equally with, or senior to, debt securities in which the Fund or Account invests. In the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of senior debt instruments would typically be entitled to receive payment in full before the Fund or Account receives any distribution in respect of its investment and the debtor may not have any sufficient assets to repay obligations to the Fund or Account after repaying such senior creditors. Furthermore, we may make investments for client accounts in unsecured debt. Unlike secured debt which provides recourse to secured collateral in the event of non-payment, with unsecured debt, the clients may have little or no recourse to other assets for repayment.

Call risk refers to the possibility that debt in which a client account is invested is called or repaid sooner than anticipated. This may occur, for example, when bonds backed by mortgages must be retired due to early repayment of the underlying mortgages by the mortgagors or when an issuer exercises a call right to retire its bonds. Pre-payment risk increases during times of declining interest rates, when borrowers have the opportunity to refinance outstanding debt at lower rates. If the duration of a fixed income instrument is reduced, the client may have lower returns on that instrument and may be unable to reinvest the untimely proceeds of the called or retired instrument at comparable rates.

The opposite of “call risk” is the interest rate risk or other term risk which may impact investments that are paid in a timely fashion consistent with its stated maturity date but are a number of months or years in the future. The risk associated with this type of “term exposure” reflects the risk that interest rates may increase during the term of the particular debt instrument and will provide a lower actual return when compared with the current interest rate increases in the general marketplace. Therefore, if the duration of a fixed income instrument stays the same, but the general cost of borrowing in the marketplace increases, the client may have lower actual returns on that instrument and be unable to obtain comparable yields as its capital is tied up for a fixed loan duration.

Certain Accounts or Funds may invest in common, preferred and other equity securities. Although common stocks have historically generated higher average total returns than fixed income securities over the long term, common stocks also have experienced significantly more volatility in those returns, and in

certain periods may significantly underperform relative to fixed income securities. The equity securities we acquire for our clients' accounts may fail to appreciate and may decline in value or become worthless and a client's ability to recover its investment will depend on the issuer's success. Investments in equity securities involve a number of significant risks, including dilution risk, difficult access to capital, competitive markets and other events that may depress equity prices. For a more complete discussion of various risks associated with equity investing, Fund investors should read each Fund's offering document.

Certain Accounts or Funds may invest in countries outside of the United States, including in countries or economies which may prove unstable. Laws and regulations of foreign countries may impose restrictions that would not exist in the United States. Some restrictions may make it impracticable to distribute the amounts realized from such investment at all or may force the distribution of such amounts in foreign securities or currency. We will analyze information with respect to political and economic environments and the particular legal and regulatory risks in foreign countries before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment.

Some investments may be denominated in non-U.S. currencies. However, the books of the clients' accounts will be maintained, and contributions to and distributions from the investment accounts of clients will be made, in U.S. dollars. Accordingly, fluctuations in exchange rates between the U.S. dollar and the relevant local currencies, costs of conversion and exchange control regulations will directly affect the value of the clients' investment interest and dividends received by the clients, gains and losses realized on the sale of investments. While we may enter into hedging arrangements where deemed appropriate to mitigate this risk to some extent, such arrangements themselves may entail certain other risks. Thus, while clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, currency exchange rates, the bankruptcy, insolvency, or default of counterparties to hedging instruments and/or other events relating to such hedging transactions may result in a poorer overall performance for a client than if it had not entered into such hedging arrangements.

Operational Risks. Operational risks include valuation, new entities with no previous operating history, start-up operations as a registered investment adviser, skill of management, and co-investment. Co-investment involves investing alongside strategic, financial or other third party co-investors. Such investments will involve additional risks which may not be present in investments which do not involve a co-investor, including the possibility that a co-investor may: at any time have economic or business interests or goals that are not consistent with those of our clients, be in a position to take action contrary to our client's investment objectives, take actions which result in shared liability or default on its obligations. We will generally seek contractual and structural options to limit such risks but there can be no assurance that such measures will be successful.

Substantially all privately-held portfolio investments will have no readily determinable market price. Each privately-held portfolio investment without a readily available market quotation will be valued at fair value as determined by us in good faith, based on factors and information that we, in our discretion, determine to be relevant and material. The value of an Account, or a Fund's net asset value, could be overstated if these fair value determinations are materially higher than the values that the client realizes upon disposition of portfolio investments or undervalued, if fair values are materially lower than actual disposition value. This could adversely affect (a) Fund investors if subscriptions or withdrawals were made during any period of over- or undervaluation, and (b) Account clients or Funds to the extent asset or performance based fees or compensation is paid based on overstated fair values.

We will generally seek to position portfolio investments in a desirable place in the capital structure of the issuer on the basis of financial projections for such investments. Projected operating results will often be based on management judgments. We may consult third party sources of information, deemed to be reliable, without independent verification. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the

projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Our investment analyses and decisions may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of making an investment decision may be limited. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect an investment, and we may make investments for clients which we would not have made if more extensive due diligence had been undertaken. In addition, we expect to rely upon independent consultants and research in connection with our evaluation of proposed investments, and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants, research or to the clients' right of recourse against them in the event errors or omissions do occur.

There is no assurance that we will be able to find and negotiate profitable transactions at acceptable risk and there is no assurance that risk management practices will be effective. In financing trade receivables, we will seek to diversify risk by involving any one or number of factors, merchants and obligors; there can be no assurance that such efforts will be successful. Reliance on third party evaluations of obligors' financial capabilities and the absence of a regulated market to facilitate collections and settlement may increase the potential for losses by clients.

We may invest Account or Fund assets in cash, cash equivalents, U.S. government securities and other high-quality short-term investments from time to time, pending investment or distribution, or for other purposes at our discretion. These securities may earn yields substantially lower than the income that clients would anticipate receiving if their assets were fully invested.

ITEM 9. DISCIPLINARY INFORMATION

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our business or the integrity of our management. We have not been subject to any legal or disciplinary event that would require disclosure under applicable SEC rules. No management person at MCP has been the subject of any legal or disciplinary action or event.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This section of our brochure describes the activities and relationships that Michaelson Capital Partners and our management engage in or have with other financial industry participants.

John Michaelson, the majority owner of MCP and the majority owner of the other Relying Adviser, has a material investment in the Fund. These activities and relationships may create conflicts of interest between the personal interests of Mr. Michaelson and the interests of clients of MCP. We maintain policies and procedures addressing principal trades and conflicts of interest. We allow no "side pocket" investments with the Fund as well as maintain an investment committee to approve all investments in the Fund to ensure there are no conflicts of interest with respect to the investments by the Fund and the operations of MCP. Please see the offering documents for the Fund for additional information.

In addition to the other specific relationships and activities described above, we, our affiliates and principal owners may have economic interests (including equity ownership interests) in the Funds and/or in investments made for Accounts. To some extent, such economic interests align our interests with those of our clients. In some circumstances, such ownership interests may put our interests at odds with the interests of such clients, and could incentivize us to take actions that could negatively impact clients including approving, or causing the Funds or other clients to approve, items submitted for creditor or shareholder approval or making more speculative investments in the Funds than other clients would otherwise make in the absence of such economic interests. Michaelson Capital Partners, as a registered

investment adviser, is required to have policies and procedures in place that are reasonably designed to address conflict of interest situations. These policies and procedures will include appropriate safeguards and full disclosure.

Michaelson Capital Partners, and our affiliates and associated persons, may have other outside relationships with issuers of securities in which clients invest.

Michaelson Capital Partners has engaged certain third party marketing firms and individuals to solicit and promote the investment in the Funds by third party investors. MCP shares a portion of its management fees and incentive/performance fees it receives from the capital accounts of investors in the Funds with the third party marketing firms and individuals that introduced and facilitated a third party investment in the Funds.

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

Michaelson Capital Partners has adopted a Compliance Program including guidelines regarding ethics, personal trading and client transactions. Our primary duty and responsibility is to our clients, including the Funds, and their best interests. We are dedicated to performing our services and fulfilling our obligations to the Funds and other clients with the highest standards of integrity, conduct and professional execution in pursuit of these goals. The Compliance Program identifies conduct which could compromise these objectives, or has an appearance of impropriety, and detects and prevents such conduct, including the mishandling of material non-public information. In principal part, our Compliance Program seeks to promote desirable conduct through policies affecting its personnel and the policies it is to follow in connection with the investment, monitoring and administration of the Funds. We will provide a copy of our Compliance Program to any client or prospective client upon request.

Although the Compliance Program will permit investment personnel to trade in securities, including those that could be recommended as assets of the Funds, it will contain significant safeguards designed to protect the Funds from abuses in this area. Michaelson Capital Partners and our affiliates may recommend securities in which we or a related party invest or have a material financial interest. Additionally, we may recommend securities to the Funds at or about the same time that we or a related party buy or sell the same securities for ourselves or for another client. These and related conflicts of interests are discussed above in "Other Financial Industry Activities and Affiliations – Other Relationships."

The policies and procedures of Michaelson Capital Partners will also seek to prevent insider trading and the misuse of client information as well as provide guidelines for outside activities of investment personnel, and receiving/giving gifts and entertainment.

ITEM 12. BROKERAGE PRACTICES

A. Best Execution

As a fiduciary, we have an obligation to obtain best execution for client transactions based on the circumstances of each particular transaction. We consider the full range and quality of a broker-dealer's services in placing orders with a brokerage firm including, among other things: execution capability; existing relationships; financial strength; reputation; pricing; reporting capabilities; and responsiveness.

The determining factor is not solely the lowest possible commission or cost, but whether the transaction represents the best qualitative execution for the managed account.

B. Research and Other Soft Dollar Benefits

Michaelson Capital Partners does not receive research or other products or services, other than execution, from a broker-dealer or unaffiliated third party in connection with securities transactions for client assets.

C. Brokerage for Client Referrals and Directed Brokerage

Michaelson Capital Partners does not direct securities transactions to any broker-dealer in exchange for client referrals or any other consideration.

D. Trade Aggregation or Allocation Policy

We maintain policies and procedures governing the manner in which we aggregate transactions among the Funds, the Accounts and, in certain cases, Michaelson Capital Partners. These policies and procedures govern the manner in which we allocate investment opportunities among Accounts, the Funds and Michaelson Capital Partners. The principal factor driving these trade aggregation and allocation policies and procedures is the fair and equitable treatment of the accounts and clients.

On occasions when we deem the purchase or sale of a security to be in the interest of multiple clients, we may, to the extent permitted by applicable laws and regulations, aggregate the securities to be sold or purchased in order to obtain best execution and lower commission expenses, if any. To the extent permitted by law, securities transactions in which Funds, Account clients or Michaelson Capital Partners, has a beneficial interest may be aggregated with securities transactions on behalf of other Funds or Accounts. In the event of any aggregation, allocation of the securities so purchased or sold, as well as the expenses incurred in the transaction, shall be made by us in a manner that we consider to be equitable and consistent with our obligations to all clients participating in the transaction, giving due consideration of our participation in such transactions.

Various factors are considered in the allocation of such opportunities, including whether a given Account or Fund has sufficient liquidity to invest in the security that is being considered, the size of the position relative to other investments within that Account or Fund and other factors. Under this procedure, transactions will generally be averaged as to price and allocated among our clients pro rata, based on original allocation to the purchase and sale orders placed for each client on a given day. In the event that we determine that pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, the investment may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios with similar mandates; (ii) allocations may be given to one account when one account has limitations on its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, the opportunity may be allocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in

cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, we may exclude the account(s) from the allocation and the transaction may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, the opportunity may be allocated to one or more accounts on a random basis.

ITEM 13. REVIEW OF ACCOUNTS

A. Account Reviews

On a weekly basis, all accounts (Funds and Accounts) are reviewed internally. At all-hands staff meetings, all accounts (Funds and Accounts) are reviewed by a majority of the members of the investment committee and all members of senior management of MCP. Any material changes in performance, risk status, liquidity, or other risk metrics are presented by the account manager and appropriate changes, if any, are recommended.

On a monthly basis, the client relationship officer for each account (Funds and Accounts) reviews the monthly valuation report and performs a reconciliation of such valuation report with the valuation guidelines and updated credit reviews of the Funds or Account. In addition, the client relationship officer for each account (Funds and Accounts) reviews the performance of each investment in a Fund in connection with any proposed drawdown or funding transaction for such investment.

On a yearly basis, a written credit assessment for each investment in a Fund is prepared by the account manager assigned to monitor that investment. The client relationship officer, managers and general counsel review these written materials and ask additional questions of the account manager, where appropriate.

The client relationship officer meets with the governing body of each Fund upon request.

B. Reports to Clients

Michaelson Capital Partners reports to the Funds' Board of Directors on a regular basis, and upon request. For Accounts, personal meetings with the Account owner are scheduled periodically, and at least one meeting per annum is held in person. Performance, allocations and strategies are reviewed in detail in each Account meeting. In consultation with the Account client, strategic changes are periodically discussed, as is the timing of the implementation of any such strategic changes. In addition, information regarding profits and losses, detailed holdings and performance is generated monthly (quarterly for the Accounts) and reported to the owner of each Account and to the investors in, and the governing body of, each Fund. For each Account, each Account holder receives the monthly statements from each investment manager and from the Fund. On a quarterly basis, MCP provides a cumulative consolidated statement for each Account holder including a summary of holdings in investments in the Funds and each other investment position.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Michaelson Capital Partners seeks client referrals and does compensate third party firms and individuals for referring clients to us. MCP has engaged certain third party marketing firms and individuals to solicit and promote the investment in the Funds by third party investors. MCP shares a portion of its management fees and incentive/performance fees it receives from the capital accounts of investors in the Funds with the third party marketing firms and individuals that introduced and facilitated a third party investment in the Funds.

Michaelson Capital Partners does not currently accept economic benefits from non-clients for providing advisory services to our clients.

Please see "Other Financial Industry Activities and Affiliations" for additional disclosures.

ITEM 15. CUSTODY

We are deemed to have custody of Fund assets because some or all of our advisory fees are calculated by our personnel and paid directly to us from client assets. Account assets are held by independent qualified custodians of the client's choice. With respect to Fund assets, Michaelson Capital Partners seeks to comply with Rule 206(4)-2 under the Advisers Act by complying with subsection (b)(4) of that Rule, namely, by virtue of each Fund sending timely annual audited financial statements to its investors. To the extent we are unable to provide such audited financial statements, we will permit surprise audits to comply with subsection (a)(4) of the Rule instead. We provide clients with monthly account statements from our administrator as well as annual audited financial statements through our distribution to our Fund investors as well as posting the audited financial statements at our administrator's access portal for each investor's additional access and review.

ITEM 16. INVESTMENT DISCRETION

As described above in "Advisory Business" we have discretionary authority with respect to all client accounts, including the Funds' investments, subject to the authority and supervision of the Funds' Boards of Directors. Limitations on such discretion, if any, are disclosed in the relevant Investment Management Agreement for Accounts or the offering memorandum for Funds.

ITEM 17. VOTING CLIENT SECURITIES

Michaelson Capital Partners does not expect to significantly invest in equity voting securities and accordingly has not adopted a Proxy Voting Policy. From time to time, the Funds may acquire equity as a result of warrants or other rights granted in connection with the secured loans and other indebtedness investments made by the Funds, which may entitle the Funds to certain voting and/or consent rights. Any such rights would be exercised by the Funds' Board of Directors on behalf of the relevant Fund. In these instances, Michaelson Capital Partners may make a recommendation for the exercise of such rights to such Fund's Board of Directors. For public equities purchased for Accounts, we do not maintain a proxy or other voting rights with respect to such investments and each individual Account holder may exercise voting rights at his/her discretion with respect to each such Account.

ITEM 18. FINANCIAL INFORMATION

We are required to provide clients with certain financial information or disclosures about our financial condition because we have discretionary authority over our clients' accounts. We have no financial commitment that impairs our ability to meet contractual commitments to clients and have not been the subject of bankruptcy proceedings.