

WL Ross & Co.

Form ADV Part 2A
Firm Brochure

1166 Avenue of the Americas, 25th Floor
New York, New York 10036

Website: www.wlross.com

February 27, 2017

This Brochure provides information about the qualifications and business practices of WL Ross & Co. LLC (“WLR”, or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 212-826-1100. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

WLR is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about WLR is available on the SEC’s website: www.adviserinfo.sec.gov.

Item 2

Material Changes

This Item 2 discusses only material changes made to this Brochure since WLR's Other-than-Annual-Amendment dated March 29, 2016.

On February 27, 2017, Wilbur L. Ross, Jr., was confirmed as United States Secretary of Commerce and stepped down from his position as Chairman and Chief Strategy Officer of WLR.

On August 24, 2016, without admitting or denying the findings, WLR consented to the entry of an order to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder and agreed to pay a civil monetary penalty of \$2.3 million to the U.S. Securities and Exchange Commission ("SEC"). Please refer to Item 9 for additional details.

Item 3
Table of Contents

<u>Item Number</u>	<u>Page</u>
Item 1– Cover Page	
Item 2 – Material Change	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	7
Item 6 – Performance-Based Fees and Side-By-Side Management	11
Item 7 – Types of Clients	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9 – Disciplinary Information	21
Item 10 – Other Financial Industry Activities and Affiliations	22
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	23
Item 12 – Brokerage Practices	26
Item 13 – Review of Accounts	27
Item 14 – Client Referrals and Other Compensation	28
Item 15 – Custody	29
Item 16 – Investment Discretion	30
Item 17 –Voting Client Securities	31
Item 18 – Financial Information	32
Item 19 – Requirements for State-Registered Advisers	33

Item 4

Advisory Business

Advisory Business. WLR is a value driven private equity firm that primarily focuses on contrarian buyouts, distressed opportunities and special situation investments where it can exercise control or significant influence. WLR targets investments in out-of-favor industries and complex transactions where the Firm can provide transitional capital solutions across the full range of the capital structure as well as value-added operating solutions. WLR believes that our approach allows us to be highly selective in making investments across various markets by widening the universe of potential investment opportunities compared to many other buyout firms which lack special situations capabilities.

Throughout WLR's extensive history as an investor and restructuring advisor, it has gained substantial expertise in sourcing and executing complex transactions. Since raising its first core recovery fund in 1997, the Firm has invested total capital of \$10.5 billion across 14 different industries. WLR's investment philosophy focuses on generating attractive returns by relying on our ability to provide "high touch" capital and operational solutions in transitional situations where we can influence the outcome. Typically the Firm's activities, and those of its applicable Funds, tend to be concentrated in five or six industries through any given market cycle with the primary focus on opportunities that exhibit distress, value dislocation or are generally out-of-favor. The decision to target such industries is tied to the Firm's ability to link its views of key macroeconomic themes with the ability to source transactions that are consistent with its investment philosophy. WLR believes this approach provides us with a competitive advantage that allows us to create proactive investment opportunities. This philosophy is deeply ingrained in the Firm and its current leadership which includes founding partner Stephen Toy and Gregory Stoeckle as co-heads.

History. Since 1976, Wilbur L. Ross, Jr., then at Rothschild, Inc., has been among the leaders in advising various constituencies in bankruptcies and workouts around the world, assisting in restructuring more than \$200 billion of liabilities. In late 1997, Mr. Ross and other members of the WLR team organized Rothschild Recovery Fund L.P. which was later renamed WLR Recovery Fund L.P. WLR was formed in April 2000 as an independent organization dedicated to fund management when the team, led by Wilbur L. Ross, Jr., left Rothschild, Inc. In order to facilitate a future leadership transition while also obtaining the benefits of partnering with a global asset management organization, WLR was acquired in 2006 by Invesco Ltd. ("Invesco"), a global investment management company that trades on the New York Stock Exchange under "IVZ".

In May 2014, Gregory Stoeckle and Stephen Toy were named co-heads of WLR responsible for the day-to-day operations of the Firm. At the same time, Mr. Ross was named Chairman and Chief Strategist. Mr. Toy has served as chair of the Firm's investment committee, since 2011 which is responsible for final investment decisions with respect to the Fund. Mr. Stoeckle chairs the Firm's management committee. This

management reorganization was put in place as part of an organic succession plan to pave the way for a second generation management team at WLR. Mr. Ross departed WLR when he was confirmed as United States Secretary of Commerce in February 2017.

WLR is headquartered in New York City and, through its affiliates, has offices throughout the world. WLR offers investment advisory services primarily to institutional investors through private investment funds (each, a “Fund” and collectively, the “Funds”), separately managed accounts (each, a “SMA” and collectively, the “SMAs”) and co-investment vehicles (the Funds, SMAs and co-investment vehicles are collectively referred to herein as “Clients”).

WLR Funds. WLR provides investment advisory services to Funds structured as pooled investment vehicles exempt from SEC registration under the Investment Company Act of 1940, as amended (the “1940 Act”); these securities are exempt from registration with the SEC under the Securities Act of 1933, as amended (the “Securities Act”). Investment advisory services are provided directly to the Funds, subject to the direction and control of the affiliated General Partner of each Fund. Investment guidelines and restrictions, if any, for each Fund managed by WLR are based upon the investment objectives and limitations of those Funds as stated in the Fund’s offering materials, disclosure documents, management agreements and/or other governing documents (each a “Governing Document” and collectively, the “Governing Documents”). WLR does not tailor its investment management to the individual needs of any Fund investor.

Separately Managed Accounts. WLR provides investment advisory services to separately managed accounts. SMAs may be reasonably tailored to a Client’s needs. WLR and the SMA Client work together to determine appropriate investment objectives, policies and restrictions for each SMA. The terms negotiated between the SMA Client and WLR including Management Fees will typically be memorialized in a written investment advisory agreement. SMAs may have terms that differ from those of the Funds.

Intermediate Investment Vehicles. In addition to providing investment advisory services to the Funds and SMAs, WLR may from time to time facilitate access to one or more Funds through an intermediate investment vehicle managed by WLR or an affiliate (each, an “Intermediate Vehicle”). Intermediate Vehicle arrangements, including fees and expenses charged to the Intermediate Vehicles, are established on a case by case basis at the sole and absolute discretion of WLR depending upon various factors, including but limited to, the size and scope of the investment mandate, investment strategy and objectives, and individual investment requirements.

Co-Investment Opportunities. WLR may, in its sole and absolute discretion, provide co-investment opportunities to existing Limited Partners, or other strategic investors, subject to certain terms and conditions as determined by WLR.

Certain Clients may enter into advisory arrangements with WLR whereby investment discretion is not exercised by WLR.

As of December 31, 2015, WLR manages \$3,871,481,360 of Client assets on a discretionary basis and \$724,602,466 on a non-discretionary basis.

Item 5

Fees and Compensation

General. WLR generally receives management fees and carried interest allocations in connection with the investment management and administrative services WLR provides to the Funds and other Clients. Certain co-investment vehicles, SMAs and Intermediate Investment Vehicles may not be subject to such fees and/or carried interest allocations.

Management fees, carried interest allocations and other compensation payable to WLR by the Funds or other Clients, together with other terms governing the management of the Funds or other Clients by WLR, are established by WLR at the time of the establishment of the relevant Funds or Client accounts. Fees and compensation may be negotiated with participating investors prior to their investment or at the beginning of the management relationship with the relevant Fund or Client, as applicable. Specific details of such compensation and its method of calculation are set out in the Governing Documents of the relevant Funds or Client accounts which may include side letter agreements, if any, and may vary as between the Funds and other Clients.

Management Fees. Management fees compensate WLR for various services the Firm's professionals provide in managing the Funds or other Clients. WLR receives periodic management fees from the Funds or other Clients of up to 2% of capital committed to, the net asset value of, or the remaining invested capital of, the relevant Fund or Client, depending, in particular, on the strategy of the relevant Fund or Client, the amount of assets being placed under management with the Firm and the point in time in the life cycle of the relevant Fund or Client account. Management fees may be paid quarterly in advance or arrears, depending on the Fund or Client. Management fees payable to WLR by certain Funds may also be reduced by certain other compensation received by the Firm or its affiliates such as board of director fees that relate to the relevant Fund and its activities or by certain organizational, offering and other expenses borne by the Fund.

Carried Interests. In addition to Management Fees, WLR or the General Partners of the Funds may receive distributions of carried interests or profits of up to 20% of profits earned on investments typically above a preferred return hurdle. Typically, carried interests distributions are also subject to a catch up on the preferred return and a clawback if such distribution exceed the stated rate.

Other Compensation. WLR and its affiliates may be entitled to receive cash and non-cash, organizational, set-up, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of Portfolio Investments or from unconsummated transactions including warrants, options, derivatives and other rights in respect of securities owned by the Fund and/or other Client accounts. WLR and its affiliates may also receive break-up, origination, commitment, broken deal, topped bid, cancellation, monitoring, closing, financial advisory, investment banking, director or other transaction fees ("Transaction Fees") in connection with Portfolio Investments or proposed Portfolio Investments or commitments made by the Fund or other Client

accounts which can be broken down generally into two categories: creditable fees and non-creditable fees. In accordance with each Fund's and/or Client account's Governing Documents, a portion of the creditable fees, net of applicable expenses, generally offset against management fees payable by the relevant Fund or Client account while non-creditable fees do not reduce management fees.

WLR's ability to receive fees (and related expense reimbursements) from Portfolio Companies for performing consulting and other services for, or serving as directors (or similar positions) of, such Portfolio Companies represents a potential conflict of interest to the extent that the Fund and/or Client account has or will have control or significant influence over such Portfolio Companies, although this potential conflict of interest is mitigated by the fact that the amounts of such Transaction Fees are typically negotiated with the applicable Portfolio Company's management team and/or any roll-over equity holders, as well as the fact that a portion of the Fund's and/or Client account's proportionate share of any such fees (net of unreimbursed expenses and excluding any expense reimbursements) will be credited against future management fees in accordance with the applicable Fund's and/or Client account's Governing Documents.

Co-investors will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments and may be required to pay their pro rata share of fees, costs and expenses related to potential investments that are not consummated, such as breakup fees or broken deal expenses. Although WLR endeavors to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. In addition, co-investors may not agree to pay or otherwise bear fees, costs and expenses related to unconsummated co-investments (and in certain circumstances, co-investors may not bear such fees, costs and expenses because they have not been identified as of the time such potential investment ceases to be pursued). In such event, such fees, costs and expenses will be considered operating expenses of and be borne by the relevant Fund.

In addition to the various fees above, Clients, specifically the Funds, may bear certain other fees and expenses, which are incidental or related to the management and operation of the Funds. These fees and expenses may include, but are not limited to: 1) all costs and expenses relating to their operations, including, but not limited to: (a) legal, auditing, consulting and accounting fees and expenses (including costs of reports to the partners, financial statements, tax returns and K-1s and all costs associated with the Funds' administration (including (i) expenses incurred in connection with the payment to a third party administrator, if applicable, for the performance of services including administrative and back-office services and (ii) expenses and costs associated with any software or online data portal used in connection with the maintenance of the Funds' books and with such reporting)); (b) any taxes, fees or other governmental charges levied against the Funds or on their income or assets in connection with their business or operations and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, in each case, except to the extent such amounts are (i)

allocable to, or subject to indemnification by, a partner and (ii) actually borne or paid by such partner; (c) all expenses and costs incurred in connection with compliance with any applicable regulatory regimes as may be required by applicable laws, rules and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, any applicable Commodity Futures Trading Commission Rules, and any regulatory filings required to be made in respect of the Funds or any Alternative Investment Vehicle or Feeder Fund (including FATCA, Form PF and those relating to the Alternative Investment Fund Managers Directive (the “AIFM Directive”), but excluding Form ADV); (d) custodial fees, commissions, other fees and expenses arising from its operations; (e) expenses and fees incurred in connection with the identification, investigation, structuring, acquisition, holding and disposition of the Funds’ proposed or actual Portfolio Investments (including due diligence in connection therewith), including, but not limited to, legal, accounting, audit, consulting, travel, entertainment, hedging, attendance at conferences in connection with the evaluation of potential Portfolio Investments or specific sectors or industries to the extent such conferences are in furtherance of the Funds’ business, and other expenses (to the extent not subject to reimbursement); (f) appraisal fees and expenses, including, but not limited to, the cost of obtaining from an independent appraisal firm a valuation of the Portfolio Investments held by the Funds as of the end of each fiscal year; (g) any expenses and costs incurred in connection with a proposed Portfolio Investment that would have been allocable to co-investors had such proposed transaction or investment been consummated, if the amount allocable to such co-investors is not paid by such parties; (h) commissions, brokerage fees, legal fees and expenses or similar charges incurred in connection with the purchase and sale of securities; (i) distressed loan servicing fees; (j) reasonable expenses of the members of the Advisory Board earned, charged or incurred in their capacity as such; (k) all fees, expenses and settlements related to hedging transactions; (l) all expenses relating to litigation and threatened litigation, investigation, settlements or reviews or other extraordinary events involving the Funds and the amount of any judgments or settlements paid in connection therewith (except for legal expenses related to litigation, investigation, settlements or reviews or other extraordinary events arising from acts or omissions of the General Partner, its agents or employees as to which it has been determined that the General Partner, its agents or employees has engaged in Disqualifying Conduct as defined by the applicable Funds’ Governing Documents); (m) fees and expenses of independent accountants for formal accounting systems and the preparation and review of financial statements, other reports and filings to or for partners; (n) fees and expenses for banking, investment banking, legal, accounting and/or custodial services, and other services supplied by independent collateral agents and other specialized professional service firms, in each case provided to the Funds at the request of the General Partner or members of the Advisory Board; (o) all insurance premiums or similar expenses incurred in connection with the activities and management of the Funds; (p) fees incurred by the Funds for special advisory or consulting services; (q) expenses for the operations and maintenance of any other entity formed as an affiliate of the Funds for the purpose of making Portfolio Investments or conducting other permitted activities of the Funds; (r) the cost of forming and maintaining Alternative Investment Vehicles and any Holding Vehicles formed in connection thereto; (s) expenses incurred for the holding of general meetings of the Partners; (t) all expenses incurred in connection with any indebtedness of

the Funds; (u) all expenses of liquidating the Funds and (v) all other costs incurred in connection with the administration of the Funds or otherwise that may be authorized by the Partnership Agreement or approved by a majority in interest of the Limited Partners or the Advisory Board. WLR provides personnel, office space and facilities to the Fund, and assumes all routine expenses (such as salaries, support services, rent, telephone, utility and travel expenses) of conducting the Funds' investment activities.

In certain instances, the General Partners have appointed service companies to act as service providers to Portfolio Companies owned by those Clients. Such Clients are charged fees on an arm's length basis.

Whether an expense is a Client or Firm expense, it is memorialized in the respective Client's Governing Documents. Expense allocation determinations are made in accordance with the Firm's Expense Processing and Allocation Policy and the applicable Clients' Governing Documents. Expense allocations to a Client or between or among the Clients, as applicable, are documented, reviewed and approved by the Firm's Expense Review Committee which generally meets on a monthly basis. In general, expenses are allocable pro rata to each Client that receives the benefit of such expense.

Item 6

Performance-Based Fees and Side-by-Side Management

Consistent with the provisions of Rule 205-3 under the Investment Advisers Act of 1940 and as discussed in Item 5, WLR or its affiliated General Partners may be entitled to performance-based fees in connection with its Fund and/or Client accounts, depending upon the nature and investment strategy of the Fund or Client account.

Certain Clients pay WLR both Management Fees and Carried Interests, while others may only pay Management Fees or no fees at all. These Client accounts may be in the same strategy and may consider similar investments. Performance-based fee arrangements may create an incentive for WLR to recommend investments to such Client accounts, which may be riskier, more speculative, or potentially more profitable than those, which would be recommended under a different fee arrangement. Each of the Funds' and/or Client accounts' investment approach, strategy and focus are defined in the Funds' and/or Clients' respective Governing Documents, and the Firm has adopted allocation policies and procedures, subject to certain investment considerations, to handle potential conflicts of interest in relation to investment overlaps among Client accounts, including those with different fee structures. The Firm's policies and procedures and Code of Ethics are designed to address potential conflicts of interest. WLR, guided by its fiduciary duties, seeks to manage potential conflicts of interest in good faith with the goal of ensuring that investments are allocated on a fair and equitable basis subject to the investment guidelines and other relevant provisions of the affected Clients' governing documents.

Item 7

Types of Clients

Types of Clients. WLR primarily provides investment advisory services to private Funds, separately managed accounts and co-investment vehicles. WLR manages assets for and markets its private funds and separately managed accounts, either directly or through its affiliate, Invesco Distributors Inc., primarily to persons who are “qualified purchasers” as defined in the Investment Company Act, “accredited investors,” as defined in Regulation D under the Securities Act, and “knowledgeable employees,” as defined in Rule 3c-5 under the Investment Company Act.

Investors in Funds and Client accounts may include, but are not limited to, a range of U.S. and non-U.S. institutional investors, governmental and corporate pension and profit sharing plans (including investors regulated under the U.S. Employee Retirement Income Security Act of 1976, as amended (“ERISA”), endowments and foundations, financial institutions, insurance companies, private wealth and other third party distribution platforms and certain high net worth individuals and family offices, and sovereign wealth funds. Additionally, WLR and/or its employees and affiliates may make capital contributions to the Funds, the General Partners of the Funds and/or co-investment vehicles.

Item 8

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis. WLR advises private equity funds and other investment vehicles that invest capital for long-term appreciation, primarily either through controlling ownership of companies or minority positions. WLR also manages investments in assets across a broad range of sectors and typically seeks to invest in companies the Firm believes possess strong business fundamentals.

WLR believes that industries undergo periods of dislocation due to supply and demand imbalances, an inability to fulfill capital needs, cyclical factors, political and/or regulatory disturbances and inefficient competitive dynamics between market participants. When contemplating investments, WLR takes a top-down and bottoms-up approach to fully evaluate opportunities in the markets. As a value oriented investor, WLR constantly seeks opportunities that can create an attractive attachment point for our investors. As an opportunistic investor, WLR targets thematic industries experiencing dislocations or macroeconomic headwinds whereby WLR can take advantage of pricing pressures to find attractive entry points. Thus, WLR views its flexible capital model as one of its strengths in approaching portfolio companies where it can participate across the capital structure in either a control or non-control capacity.

The nature of distressed debt is where one is often a non-control investor. Investments in credit will often be non-control but may also be influence positions with the intent to secure control through restructuring. Influence positions are those defined by influence over creditors committee, negative consent rights and blocking positions. Historically, WLR is comfortable as a control as well as a non-control investor, particularly in credit and selectively within equity if WLR is able to build in appropriate protections through preferred equity structures or other contractual protections.

In regards to WLR's approach to control-oriented private equity investing, WLR often seeks to understand the macroeconomic environment first and then identify discrete investment opportunities within targeted industries to deploy capital. In generating the Firm's investment themes, WLR seeks to thematically distill our macroeconomic views into targeted industries in specified geographies that will best express our thesis at the time of investment. Within each sub-segment, investment professionals seek to understand the competitive dynamics and identify a specific set of investable opportunities for Clients. Our methods of analysis involve extensive diligence, including:

- Desktop research
- Proprietary screening and identification
- Dialogue with key active or retired executives in target industries
- Dialogue with suppliers, customers, competitors, research analysts or industry experts
- Government relationships, regulators and unions
- Industry consultants/resources

- Workout portfolios of lending relationships
- Conferences and industry meetings
- Board positions and roles in key industry associations
- Partnerships/relationships in specific industries or geographies
- Relationships and discussions with investment bankers, lawyers and restructuring advisors

The following represents WLR's summary criteria to assess an investment's attractiveness:

- Valuation considerations (including discounted cash flows, trading and transaction comparables) when evaluating an investments' attractiveness
- Financial projections
- Exit / monetization strategy
- Barriers to entry and competitive positioning
- Management: Assessment of existing management team and identification of a potential new management team if necessary
- Operational and Strategic Opportunities: Restructuring actions, cost-saving initiatives, growth plans, footprint optimization, synergies, change in strategic direction, etc.
- Cyclical and structural positioning of industry and specific asset within that industry
- Downside protection: Asset value / liquidation value
- Consolidation opportunities / synergies

If an investment is approved and consummated, its deal team is responsible for the continued monitoring of that investment including: maintaining an open and constructive dialogue with management, recruiting of additional management team members as needed, board representation, participation in monthly board of directors meetings, monitoring the company's operational performance, assessing the capital markets for accretive capital structure transactions, and monitoring the market for potential exit opportunities.

In advance of committing significant resources to a potential investment opportunity, all opportunities undergo a preliminary screening process with the Investment Committee to ensure there are no immediate red flags. This process is an essential step focused on transparency, resource allocation and ensuring fit with WLR's investment philosophy. Once an opportunity has been determined to be actionable, a deal team comprised of the investment professionals who are responsible for the target industry is staffed to perform more detailed due diligence. The deal teams are typically comprised of three or more individuals: One or more mid and junior level team members will be responsible for the business and financial evaluation, including building the model, while one senior team member will be responsible for negotiating the documentation and overseeing the overall underwriting process. Where applicable, WLR supplements our library of in-house knowledge with the insights of our portfolio company executives, technical advisors and channel checks. Once the due diligence process has been completed, a detailed

investment memo is generated which contains an evaluation of the business and submitted to the Investment Committee for discussion and approval.

Throughout the due diligence process, Investment Committee members are frequently updated and consulted with, allowing for real time feedback and guidance. WLR believes this approach allows for a dynamic and fulsome diligence process as well as a productive Investment Committee meeting. WLR maintains investment committees for each of its Recovery series of Funds (each an “Investment Committee” collectively, the “Investment Committees”). Members of each Investment Committee are those senior members of the investment team responsible for formulating and implementing each Fund’s investment strategy. Investment Committee members meet to discuss the relative merits and associated risks of proposed and current investments and, ultimately, vote on each investment decision.

Investment Strategies. The following is a summary of certain key investment strategies utilized by WLR and their associated material risks. Further details are provided in the relevant Client’s Governing Documents.

Opportunistic Buyouts: Investments where WLR seeks a significant or controlling interest in companies at attractive entry valuations. Fundamental to this strategy is the Firm’s ability to source and partner with effective management teams to drive returns. Historically, the Firm has created and/or consolidated platforms in core industries in which WLR has experience. Investments in this strategy typically focus on situations in which WLR can strategically add value through operational improvement, strategic mergers and acquisitions, and optimization of the capital structure in order to unlock a company’s optimum operational and financial capabilities. Target opportunities may include corporate carve-outs, consolidation plays, unnatural owners, and generational transfers.

Restructurings/Turnarounds: Transactions where WLR utilizes loan-to-own, highly structured, or direct debt or equity investment to acquire a controlling stake or position of significant influence in challenged or distressed companies. Typically these companies operate in out-of-favor industries and require a significant operational or capital structure reorganization. WLR seeks to identify and invest in situations where significant downside protection provides a floor to the Firm’s returns. As a result, WLR looks to create value both at the macro level through a proprietary view on an industry recovery and at the micro level through strategic engagement and improving business fundamentals. Target opportunities may include operational corrections, distressed for control, bankruptcies, restructurings and turnarounds.

Special Situations: Investment opportunities in this strategy include those that require a “high touch” involvement and a specific skillset expertise from WLR’s investment team. These transactions are often complex, off-market and require a bespoke transaction structure to execute. These investments are typically non-traditional, which limits the universe of potential capital providers and creates natural inefficiencies. WLR believes that the investment team’s skillset is well-attuned for the complex structuring involved in transactions of this type. Target opportunities in this strategy may include rescue

financing, liquidity financing, bridge financing and strategic growth financing. WLR seeks to cover the Firm's downside risk through low creation multiples, significant asset coverage and restrictive covenant documentation that allows for the continuous monitoring of investments.

Real Assets: This strategy focuses on transactions in which WLR can create value through both current income and asset value appreciation. WLR typically employs conservative financial leverage and seek to balance our return through current income provided by long-term contracts and asset value appreciation provided by the upside from exposure to short-term market rate volatility. Target opportunities may include assets in shipping and financial services.

Risk of Loss. Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While WLR seeks to mitigate risks so that they are appropriate to the return potential for the Client or strategy, it is usually not possible or desirable to fully mitigate risks. Prospective investors should carefully consider the following risks, along with those risk factors described in the applicable Client's Governing Documents. There can be no assurance that investment strategies will be carried out successfully. Investors of Clients should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses. WLR may invest in securities and obligations of domestic and foreign companies that are experiencing significant financial or business difficulties. Although such investments may result in significant returns, they also involve a high degree of risks. Any or all investments may be unsuccessful and therefore result in complete loss of committed capital. Client investments may not show a return for a considerable period of time. There is no assurance that WLR will correctly evaluate the value of a company's assets or the prospects for a successful reorganization or similar action.

The risk factors briefly summarized below may not be applicable to all Funds or Clients. This summary does not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Client. The Governing Documents of each Client typically include a more detailed summary of material risks applicable to that Fund's or Client's investment strategy and structure and should be read in conjunction with the risks below. Investments made by the Funds and Clients, including private equity investments, involve a number of material risks including, but not limited to, the following:

Illiquid and Long-Term Investments. Most Fund and Client investments are highly illiquid, and there can be no assurance that a Fund or Client will be able to realize these investments in a timely manner. The realizable value of a highly illiquid investment at any given time may be less than its intrinsic value. Although certain of these investments may generate current income, the return of capital, and the realization of gains, if any, with respect to these investments will occur only upon the partial or complete disposition of the investment. While an investment may be sold at any time, typically this will occur a number of years after the investment is made and there can be no assurance that a Fund or Client will be able to dispose of an investment at the price and time it wishes to do so. Certain private equity investments may be in securities that are or become publicly traded. These investments may involve economic, political, interest rate, and other risks,

any of which could result in an adverse change in their market price.

Valuations. As most Client investments are highly illiquid, there are no readily ascertainable market prices for such investments. For these investments, the fair value of the investment represents the value, as determined by the Firm in good faith, at which the investment could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. When making fair value determinations for private equity investments, the Firm generally follows the procedures set out in its Valuation Policy. Because there is significant uncertainty in the valuation of, or in the stability of the value of, illiquid investments, the fair values of investments reflected in a Client's net asset value, or NAV, do not necessarily reflect the prices that would actually be obtained by the Firm on behalf of such Client when such investments are realized. For example there may be liabilities such as unknown or uncertain tax exposures with respect to investments, especially those outside the United States, which may not be fully reflected in valuations. Realizations at values significantly lower than the values at which investments have been reflected in prior NAVs would likely result in losses for the applicable Client.

Complex Investments. WLR often pursues complex investment opportunities. This can often take the form of substantial business, regulatory or legal complexity that might deter other investment managers. The Firm's tolerance for complexity presents potential risks, as such transactions can be more difficult, expensive and time consuming to finance and execute; it can be more difficult to manage or realize value from the assets acquired in such transactions; and such transactions sometimes entail a higher level of regulatory scrutiny, the application of complex tax laws or a greater risk of contingent liabilities. Client transactions involve complex tax structures that are costly to establish, monitor and maintain, and as the Firm pursues a larger number of transactions across multiple assets classes and in multiple jurisdictions, such costs will increase and the risk that a matter is overlooked or inadequately or inconsistently addressed will increase. Consequently, the Firm may fail to achieve the desired benefit or otherwise decrease the returns of investments. Changes in law and regulation and in the enforcement of existing law and regulation, such as antitrust laws and tax laws, also add complexity and risk to the Firm's investment strategies. Further, Clients may acquire an investment that is subject to contingent liabilities, which could be unknown to us at the time of acquisition or, if they are known to us, we may not accurately assess or protect against the risks that they present. Acquired contingent liabilities could thus result in unforeseen losses for Clients. In addition, in connection with the disposition of an investment in a portfolio company, a Client may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. A Client may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by a Client, even after the disposition of an investment. Any of these risks could potentially harm the performance of the Client's account.

Bankruptcy and Other Proceedings. WLR invests in securities and other obligations and assets of companies involved in bankruptcy or other reorganization and liquidation proceedings. There are significant risks when investing in companies involved in bankruptcy proceedings. Bankruptcy litigation is adversarial and often beyond the control of the creditors. Generally, the duration of a bankruptcy case can only be roughly estimated. Reorganization of a company involves substantial legal, professional and administrative costs. The bankruptcy process is subject to unpredictable and lengthy delays and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets.

Credit Risk. WLR may invest in debt investments that are subject to the risk of non-payment of scheduled interest or principal, which amounts may not be satisfied out of collateral, if any, or satisfied in a timely manner. The Firm's right to payment or priority over other creditors may be subordinated to those of senior lender(s). The credit worthiness of portfolio companies may deteriorate as a result of a variety of factors that may adversely affect their business and the Firm's investment.

Debt Securities. WLR may invest in various types of debt securities. Changes in interest rates generally will cause the value of debt investments to vary inversely to such changes. The obligor of a debt security or instrument may not be able or willing to pay interest or to repay principal when due in accordance with the terms of the associated agreement. Commercial lenders and other creditors may be able to contest payments to the holders of other debt obligations of the same obligor in the event of default under their commercial bank loan agreements.

Distressed Debt. WLR invests in securities and other obligations and assets of companies in special situations involving financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Such investments involve a substantial degree of risk. There is no assurance that WLR will correctly evaluate the value of the assets collateralizing an investment or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding, WLR may lose its entire investment, be required to accept cash or securities or assets with a value less than their original investment and/or be required to accept payment over an extended period of time.

Global Market and Economic Risks. Client investment strategies may be materially affected by global market, economic and political conditions particularly in the jurisdictions and sectors in which WLR invests. Interest rates, credit availability, currency exchange rates, illiquidity and volatility in the global financial markets could have material adverse effects on WLR investments.

Inflation Risk. Client investments may be exposed to inflation risks. Market prices generally fall as inflation increases because the purchasing power of the future income and repaid principal is expected to be worth less when received by WLR. Investments

that pay a fixed interest rate are especially vulnerable to inflation risk as oppose to variable-rate securities that may be able to participate, over the long term, in rising interest rates which have historically corresponded with long-term inflationary trends. Most high yield investments pay a fixed rate of interest and are therefore vulnerable to inflation risk.

Interest Rate Risk. Client investments may be exposed to interest rate risks. Changes in prevailing market interest rates could negatively affect the value of such investments. Market interest rates may be affected by inflation, slow or stagnant domestic and global economic growth or recession, unemployment, money supply, governmental monetary and fiscal policies, international disorders and instability in domestic and foreign financial markets. Clients may periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. In a changing interest rate environment, WLR may not be able to manage this risk effectively and as a result performance could be adversely affected.

Currency Risk. Client investments and income received from such investments may be denominated in currencies that are not the base currency of the relevant Client account. Changes in currencies may adversely affect the base currency value of portfolio investments, interest, dividends and other revenue streams received by a Client, gains and losses realized on the sale of portfolio investments, and the amount of distributions, if any, to be made by a Client. A Client may also incur costs in converting investment proceeds from one currency to another. Where practicable, a Client may enter into hedging transactions designed to reduce such currency risks or may determine not to enter into such hedging transactions. Furthermore, the portfolio companies in which a Client invests may be subject to risks relating to changes in currency values, as described above. If a portfolio company suffers adverse consequences as a result of such changes, a Client may also be adversely affected as a result.

Hedging. The Firm, on behalf of a Client, may utilize swaps, forward contracts, and other hedging instruments to preserve a return on a particular Client investment or to seek to protect against risks relating to Client investments, including currency exchange rate or interest rate fluctuations. Such transactions have special risks associated with them, including the possible bankruptcy, or insolvency of, or default by the counterparty to the transaction and the illiquidity of the derivative instrument acquired by the relevant Client relating thereto. Although a Client may benefit from the use of hedging transactions, changes in currency exchange rates or other factors may result in a poorer overall performance for a Client compared to what a Client's performance would have been if it had not entered into hedging transactions and the costs associated with these arrangements may reduce the returns that a Client would have otherwise achieved if these hedging transactions were not entered into by a Client. In addition, the Firm may not utilize hedging transactions, which may result in a poorer overall performance for a Client compared to what a Client's performance would have been if the Firm utilized hedging transactions to seek to preserve a return on a particular Client investment or to seek to protect against risks relating to Client investments. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments denominated

in non-U.S. currencies because the value of those investments is likely to fluctuate as a result of independent factors not related to currency fluctuations. Portfolio companies may also enter into hedging transactions in order to hedge risks applicable to them. Such transactions are subject to similar risks to those described above. A Client may be exposed to such risks by reason of its investment in the relevant portfolio company

Loans. The Firm, on behalf of a Client, may invest in loans and other forms of debt. Loans are generally not considered securities as they are not listed on a recognized exchange and therefore are less liquid or not liquid as compared to securities. Loans may be subject to transfer or assignment restrictions and approvals. A loan may involve syndication with members having different or superior rights to those of WLR's Clients. Where a WLR Client may invest as a sub-participant in syndicated loans, it may be subject to certain risks as a result of having no direct contractual relationship with the underlying borrower and will be dependent on the lender to enforce its rights and obligations and will not have any direct rights against the underlying borrower, any direct rights in the collateral, if any, or any right to deal directly with such borrower.

Carried Interest; Distributions in Kind. Carried interest may create an incentive for WLR to make riskier or more speculative investments on behalf of a Client than would be the case in the absence of this arrangement, although WLR's commitment of capital to the Funds and/or Client accounts should somewhat reduce this incentive. If distributions are made of assets other than cash, the amount of any such distribution will be accounted for at the fair market value of such assets as determined by the General Partners in accordance with procedures set forth in the applicable Governing Documents of the Fund and/or Client account.

Material, Non-Public Information. As a result of WLR's investment activities, WLR employees may acquire confidential or material non-public information or are restricted from initiating transactions in certain securities. Clients will not be free to act upon any such information. Due to these restrictions, from time to time Clients will likely not be able to initiate a transaction that they otherwise might have initiated and from time to time will likely not be able to sell while in possession of material, non-public information.

Side Letters. WLR may enter into side letters with specific investors supplementing or altering the terms, rights, or provisions of, the applicable Governing Documents of an applicable Fund, including with respect to economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to investors admitted to a Fund within a prescribed period following the initial closing thereof or making or holding aggregate commitments of a certain size to one or more Fund) and liquidity or transfer rights. While WLR has no obligation to offer all such additional rights, terms or conditions to any other investor in such Fund, WLR generally makes side letters available to all limited partners of the relevant Fund.

Item 9

Disciplinary Information

Except as described below, neither WLR nor any of its executive officers, members of its investment committees or other “management persons” as defined in Form ADV has been subject to legal or disciplinary events related to this Item.

On August 24, 2016, without admitting or denying the findings, WLR consented to the entry of an order to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder and agreed to pay a civil monetary penalty of \$2.3 million to the U.S. Securities and Exchange Commission (“SEC”). According to the order, WLR failed to adequately disclose its fee allocation practices to certain private equity funds it advised (the “WLR Funds”) and their investors and that ambiguous language in its private equity funds limited partnership agreements resulted in certain WLR Funds paying higher management fees between 2001 and 2011. The order also states that in determining to accept the settlement offer, the SEC considered remedial acts promptly undertaken by WLR and cooperation afforded to the SEC staff, including WLR self-reporting of the transaction fee allocation issue to the SEC staff, WLR voluntary determination to revise its fee allocation methodology, and WLR voluntary reimbursement, with interest, of \$11,873,571 in management fee credits resulting from its retroactive application of the revised allocation methodology to the inception of the WLR Funds.

Affiliate Disciplinary Information. On August 30, 2005, the Attorney General of the State of West Virginia issued its Summary Order to Cease and Desist and Notice of Right to Hearing to Invesco for claims of West Virginia securities law violations. The WVASC purports to order Invesco to cease any further violations and seeks to impose monetary sanctions, including restitution to affected investors, disgorgement of fees, reimbursement of investigatory, administrative and legal costs and an “administrative assessment” to be determined by the Commissioner. It is believed that this matter is indefinitely suspended.

Item 10
Other Financial Activities and Affiliations

WLR is affiliated with Invesco, and the many entities within the Invesco global structure, including broker-dealers registered with the Financial Industry Regulatory Authority (“FINRA”), as well as SEC-registered investment advisers and non-U.S. investment advisers.

The Funds are distributed by Invesco Distributors, Inc. (“IDI”), a FINRA-registered affiliated broker-dealer. Additionally, Invesco Advisers Inc. (“IAI”), an affiliated SEC-registered investment adviser, provides certain marketing and administrative services to WLR. Certain IDI and WLR employees that are involved in the Firm’s marketing activities are registered representatives of IDI.

Employees or officers of WLR may from time to time be members of the boards of directors of publicly-held companies which may result from permitted investments of various strategies offered by the Firm. In these cases, WLR takes steps such as establishing information barriers or placing the security in question on a restricted list, which may limit or preclude the purchase or sale of such securities for Clients and Firm employees.

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

Code of Ethics and Personal Trading. WLR has adopted a written Code of Ethics (the “Code”), as required under Rule 204A-1 of the Advisers Act, that sets forth standards of ethical conduct for WLR employees and is designed to address and avoid potential conflicts of interest. The Code requires WLR employees to act in a manner consistent with their fiduciary duty to Clients, abide by all applicable rules and regulations, and pre-clear and report personal securities transactions. WLR maintains policies and procedures to avoid insider trading and the appearance of insider trading. Personal trading restrictions apply to all WLR employees as well as certain family members. WLR employees must report every account that they or members of their household use for trading securities covered by the Code and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions, including IPOs and private placements, and provide copies of periodic account statements, or have them sent directly by their broker, to the compliance department. The compliance department maintains restricted lists, which include securities that Clients have or are considering purchasing.

Participation or Interest in Client Transactions.

Principal Transactions. In accordance with the anti-fraud provisions of the Advisers Act and with the Firm’s compliance policies and procedures, WLR will not, in general, as principal, sell a security to, or buy a security from, any Client, without providing appropriate disclosure and obtaining the informed consent of such Client prior to the settlement of such transaction. Principal transactions may occur, for example, where the Firm warehouses an investment, in whole or in part, in one of its proprietary entities for the benefit of one or more Clients or seeds the initial portfolio of a Client by making the initial commitment and capital contributions to that Client pending the admission of third party investors to such Client account and the acquisition by the Client of the warehoused investment from the proprietary entity or the participation by such third party investors in such seeded initial portfolio of investments, as applicable. In these cases, a Client may, for example, require that (i) the transaction price be determined to be fair by an independent valuation expert (the cost of which would be borne by the applicable Client) or be calculated in accordance with a formula provided for in the Governing Documents of that Client and (ii) the consent of the respective Client’s advisory board or limited partners be obtained prior to the completion of the relevant transaction or in connection with the limited partners’ subscriptions to that Client’s account. Additionally, prior to the receipt by a Client of capital contributions from its investors for which a capital call notice has been given, a WLR General Partner may fund such amounts on a temporary basis in order to permit that Client to make an investment. Such amounts will be reimbursed to that General Partner at cost as and when such capital contributions are made by the investors in that Client account. WLR does not consider such temporary arrangements to be principal transactions.

Agency Cross Transactions. Agency cross transactions are transactions in which the Firm arranges for a Client to buy a security from, or sell a security to, another Client. In addition, the Firm may cause different Clients to invest at different times in a single portfolio company, for example where a Client that made an initial investment in a portfolio company does not, when an opportunity to make a follow-on investment in the company subsequently arises, have sufficient capital for such investment. From time to time, WLR may determine that a cross transaction or follow-on investment between Clients is in the best interest of the relevant Clients. Accordingly, WLR has adopted compliance policies and procedures designed to properly manage such potential conflict of interests. In addition, the Governing Documents of each such Client may impose certain restrictions on the ability of the Firm to effect these transactions. These may include a requirement for the transaction price to be determined by independent valuation sources, approved by an independent valuation expert, determined to be fair to Clients by an independent third party or otherwise calculated in accordance with such Governing Documents.

Other than the examples of principal and cross transactions noted above, it is WLR's policy to generally avoid principal and cross transactions. Where such transactions are not desirable to avoid, such transactions can only be consummated if they are approved by the relevant Clients and/or their advisory board to the extent required by the applicable Clients' Governing Documents and/or applicable law.

Allocation of Fees and Expenses. Fee and expense allocations will be made in good faith in accordance with the Firm's Expense Processing and Allocation Policy and the applicable Clients' Governing Documents considering all factors deemed relevant. Any expenses shared by more than one Client in connection with evaluating and making consummated portfolio investments of such Clients or broken deals are generally allocated pro rata based on each Client's invested capital (or, in the case of broken deals, the amount that would have been invested by each Client), as determined by WLR in good faith and in accordance with each Client's Governing Documents.

Allocation of Investment Opportunities. To the extent that any co-investment vehicle is offered an opportunity to invest in a Portfolio Company, because the General Partner is not necessarily required to offset fees for such co-investments, it may incentivize the General Partner to allocate a greater portion of the investment to the co-investment vehicle than it would otherwise make in the absence of such an arrangement. In accordance with its fiduciary duty, WLR seeks to allocate investment opportunities to its Clients on a fair and equitable basis in accordance with the Firm's Allocation of Investment Opportunities Policy and all relevant guidelines and restrictions as outlined in the applicable Clients' Governing Documents. If a particular investment opportunity falls within the investment objective of more than one Client, WLR will allocate such opportunity (including, any related co-investment opportunities) among such entities on a basis that the Firm reasonably determines in good faith to be fair and reasonable taking into account a number of considerations, including the sourcing of the transaction, the nature of the investment focus of each Client, the relative amounts of capital available for investment, any diversification limitations and restrictions, portfolio diversification,

target rates of return, expected hold periods, the possibility that other Client will invest in the same issuer or enter into a buy/sell transaction with such issuer and other considerations deemed relevant by WLR.

Item 12

Brokerage Practices

To the extent required by applicable law, it is the Firm's policy to seek best execution of trades (if any) in public equity and debt securities and other marketable securities traded on behalf of the Clients by a selected broker-dealer. In seeking best execution, other goals include timely, fair and cost effective executions, fairness to Clients, both in priority of order execution and in the allocation of the price obtained in execution of trades, and compliance with Client trading-related mandates and investment restrictions. When appropriate under the Firm's discretionary authority and consistent with the Firm's duty to seek best execution, WLR may execute through broker-dealers who provide brokerage and unsolicited research services. In executing fixed income trades, such factors as price, size of order, and difficulty of execution are also taken into account. Transactions are not always executed at the lowest available commission, and the Firm may effect transactions which cause the Client to pay more than another broker-dealer would have charged if WLR determines that the additional cost is reasonable in relation to the value of the services provided to the Firm and its Clients.

Trading and Brokerage. WLR prohibits the directing of commissions generated from Clients' brokerage transactions to pay for Client referrals, and the making of any recommendation that "credit" be given to particular individual brokers within a brokerage firm. The Firm generally conducts trading with those broker-dealers that have been vetted through and approved by Invesco. In selecting brokers or dealers, WLR considers various factors, including, without limitation: the reputation, experience and financial stability of the broker-dealer; the ability to maintain WLR's anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer's trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Clients have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

WLR has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution ("soft dollar" arrangements). However, WLR may receive research services from brokers and dealers available to other institutional investors. Research services received from brokers and dealers are generally supplemental to WLR's own research efforts. To the best of WLR's knowledge, these services are generally made available to institutional investors doing business with such broker-dealers. WLR does not separately compensate such broker-dealers for the research and such services.

Item 13

Review of Accounts

Review of Accounts. WLR Client accounts are divided among investment professionals according to the investment strategy of the portfolio. Portfolios are typically monitored and reviewed by the investment personnel who handle the strategy on an ongoing basis. Details of the monitoring vary based on the nature of the investment strategy. Additionally, the Firm completes an Operational Checklist for each proposed investment to ensure compliance with the applicable Client's Governing Documents and side letters, if any. Participants in the review may include portfolio management personnel from the investment strategy as well as members of legal, compliance and operations teams. Fund investments are generally private, illiquid and long-term; accordingly, WLR's review of them is not directed toward a short-term decision but rather an ongoing review of the portfolio of each Client to monitor performance and gauge the market for an optimal exit strategy.

Reporting. WLR distributes Client account statements and financial reports monthly, quarterly or annually as required by each Client's Governing Documents. In general, WLR furnishes Clients with annual audited financial statements and Schedule K-1s, quarterly unaudited financial statements, and, quarterly reports for each of the Client's portfolio. WLR also provides Clients with periodic conference calls and holds an annual investor meeting. WLR also provides detailed capital call and distribution statements.

Item 14

Client Referrals and Other Compensation

Client Referrals and Other Compensation. For Funds that are actively marketed prior to their final close, units of those Funds are offered and sold on behalf of those Funds by Invesco Distributors, Inc. (the “Placement Agent”) on an agency basis. The Placement Agent is a FINRA registered broker-dealer and has agreed to offer and sell units on a non-exclusive basis. The Placement Agent is an affiliate of WLR. Employees of the Placement Agent will provide services in offering and selling units and these employees will receive incentive compensation or sales credits from the Placement Agent for providing such services. Affiliates of WLR may engage one or more other brokers or finders to assist in the offering and sale of units as permitted under the terms of the Investment Advisers Act of 1940. Affiliates of WLR will pay (and will not charge the Fund for) fees that may be payable to any such brokers or finders in the offering and sale of units.

WLR may enter into solicitation and distribution agreements pursuant to which it compensates a third-party intermediary for client referrals that result in the provision of investment advisory services by WLR. Any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to WLR may receive compensation from WLR, such as a retainer and/or a percentage of introduced capital. Such compensation will be paid pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by WLR and not by any affected Client.

Item 15

Custody

Because WLR serves as general partner of certain Funds, WLR is deemed to have “custody” over the Funds within the meaning of Rule 206(4)-2 under the Advisers Act. Generally, Clients’ cash and securities are held by Qualified Custodians such as banks and/or broker-dealers. Audited financial statements are distributed to Clients within 120 days of the end of each Client’s fiscal year. Certain investors also utilize their own custodians and receive statements directly from such custodians. All investors should carefully review these financial statements. In the event an investor has not received its audited financial statements timely, please contact the Firm at the address appearing on the cover page of this Brochure.

Item 16
Investment Discretion

WLR has discretionary authority for most Clients for which it is the investment adviser. Investment decisions and advice with respect to Clients' accounts are subject to the Clients' investment objectives and guidelines, as established by the Clients and set forth in the applicable Clients' Governing Documents.

Item 17

Voting Client Securities

WLR has adopted and implemented written policies and procedures governing the voting of Client securities. In general, Funds are primarily invested in privately-held portfolio companies which typically do not issue proxies. However, upon occasion, WLR will receive proxies in connection with its publicly traded portfolio companies, in which case it is WLR's policy to exercise the proxy vote in the best interest of the Funds, taking into consideration all relevant factors, including acting in a manner that WLR believes will maximize the economic benefits to the relevant Fund and promote sound corporate governance by the issuer. WLR representatives that serve on the board of directors of a portfolio company on behalf of Funds will typically, but not always, vote in favor of board recommendations. In situations where WLR is required to vote the proxy for a company in which employees of WLR serve on the board of directors, WLR has determined that this does not inherently present a conflict of interest, as the sole purpose of this representation is to maximize the return on the Funds' investment in such portfolio company. In all cases where there is deemed to be a material conflict of interest, WLR will seek the advice of Compliance and Legal to resolve the conflict in the Clients' best interests.

Item 18
Financial Information

Registered investment advisers are required in this Item to provide certain financial information or disclosures about WLR's financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding at any time during the past ten years.

Item 19
Requirements for State-Registered Advisers

WLR is not registered with any state securities authorities.