

**Item 1: Cover Page**

**CREDIT SUISSE ASSET MANAGEMENT LIMITED**

**DISCLOSURE BROCHURE**

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**This brochure provides information about the qualifications and business practices of Credit Suisse Asset Management Limited. If you have any questions about the contents of this brochure, please contact us at +44 20 7888 1000 or [www.credit-suisse.com](http://www.credit-suisse.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Credit Suisse Asset Management Limited is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Credit Suisse Asset Management Limited is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

**Item 2: Material Changes**

This brochure is intended to provide potential and existing clients and investors with an overview of Credit Suisse Asset Management Limited (the “Registrant”). It also contains important disclosures regarding items such as certain practices of the Registrant, potential material conflicts that may arise and key potential investment risks.

There have been no material changes made to the Registrant’s brochure since the last annual update of the brochure dated 30 March , 2017.

Additional information about the Registrant, including a full copy of the current brochure, is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4: Advisory Business**

The Registrant is wholly owned by Credit Suisse Asset Management (UK) Holding Limited, which is an indirect wholly owned subsidiary of Credit Suisse Group AG, a publicly-owned foreign bank holding company based in Switzerland. The Registrant was organized on 21<sup>st</sup> December 1982 and managed on a discretionary basis approximately \$9.16 billion of client assets as of 31<sup>st</sup> December 2017.

The Registrant offers discretionary and non-discretionary investment advice to various types of clients, including but not limited to U.S. and non-U.S. pooled investment vehicles (“Funds”), separately managed accounts (“Accounts”), pension and profit sharing plans, corporations, government entities and other institutional investors. The Registrant provides investment management/advisory services to clients based on the individual needs of the client. Individual needs include a review of the client’s overall investment guidelines and objectives as well as specific investment goals and risk tolerance. A client may open an Account and receive such discretionary investment management services by entering into an investment management agreement (“Management Agreement”) with the Registrant which outlines the roles and responsibilities of each party. Generally, either party may terminate the Management Agreement upon 90 days written notice to the other party.

The Registrant’s portfolio management teams employ different strategies in providing investment advice depending on the type of client and strategy employed. All investment advisory personnel devote 100% of their time to providing or supporting the provision of investment advice. The Registrant may offer advice on a variety of investments, including:

- management of senior secured bank loans and leveraged finance assets through collateralized loan obligations (“CLOs”), separate accounts, and mutual and commingled funds; and
- alternative investments, including investment in a variety of structured credit products, instruments and exposures through residential and commercial mortgage-backed securities, collateralised debt obligations, CLOs, other asset-backed securities, derivatives and other structured and non-structured products

The Registrant also provides advisory services to an affiliated hedge fund manager as well as distribution services with respect to the Registrant’s products and certain third party products.

The following is a description of the strategies employed by the Registrant’s various portfolio management teams:

#### **Credit Investments Group (“CIG”)**

CIG specializes in the management of leveraged loans, high-yield bonds, municipal bonds and special situations in credit markets across a broad spectrum of products, including CLOs, separate accounts, registered investment companies and other commingled vehicles. The CIG Corporate Credit Solutions (“CCS”) team, also lends to middle-market companies through

primary loan originations and direct investments in secured debt (including first and second lien senior secured loans), unsecured debt (including mezzanine debt) and, to a lesser extent, equity securities.

### **Securitized Products Group**

The Securitized Products Group's objective is to invest in a variety of structured credit products, instruments and exposures. The Securitized Products Group will pursue its investment objective by investing assets in residential and commercial mortgage backed securities, collateralized debt obligations, CLOs, other asset backed securities, derivatives and other structured and non-structured products.

### **Item 5: Fees and Compensation**

The Registrant offers advisory services for a percentage of assets under management and/or fees based on performance. Fees are negotiable and may differ based upon a number of factors, including without limitation, overall fee arrangements, account complexity, overall relationship with Credit Suisse, account size, assets under management and the terms of the various Funds managed by the Registrant. The Registrant may impose minimum fees or fee equivalents above or below those stated herein for client accounts depending on a number of factors, including the type of client, type of mandate, changing market conditions, and pre-existing relationships with the Registrant. Such minimum fees may be increased or decreased depending on the specific circumstances of an individual client.

Fees may be payable in advance or in arrears of the services rendered, depending on the terms of the Management Agreement. The fees are then generally charged or billed on a quarterly basis and may be payable in advance or in arrears of the services rendered, again depending on the contractual agreement. For fees paid in advance, if the Account is opened on a day other than the first business day of a month or quarter, the fee is charged at inception on a pro rata basis for the period negotiated between the Registrant and the client. Upon termination of the Agreement, the client will be entitled to a pro-rata refund. For full details, the client should refer to the relevant Management Agreement.

To the extent the Registrant acts as an investment adviser to a Fund, the Registrant or its affiliates may receive advisory, administration and/or distribution fees from the Fund, from the investors in the Fund and/or from other investment advisers for which the Registrant acts as a sub-adviser. A portion of the fees received by the Registrant may, in the case of certain Funds, be paid to other sub-advisers. The fee arrangements for a Fund are generally described in the prospectus or other offering documentation for that Fund.

The Registrant's current basic annual fee schedule for certain Accounts is as follows:

#### **CIG:**

##### **Global Fixed Income**

0.50% on first \$30 mil. of assets

0.40% on next \$70 mil. of assets

Negotiable on assets over \$100 mil.

Minimum fee \$50,000

##### **Leveraged Loans**

0.75% on first \$100 mil. of assets

0.65% on next \$100 mil. of assets

0.50% on assets over \$200 mil.

#### U.S. High Yield Fixed Income

0.50% on first \$50 mil. of assets

0.45% on next \$50 mil. of assets

0.40% on assets over \$100 mil.

#### Global High Yield Fixed Income

0.50% on first \$50 mil. of assets

0.45% on next \$50mil of assets

0.40% on assets over \$100 mil.

The fees paid by a client are negotiable and may vary from the schedule above due to particular circumstances of the client and, as a result, one client may pay a higher fee to the Registrant than a second client for which the Registrant is providing substantially similar services. The actual fee rate paid by each client will be set forth in the Management Agreement between the Registrant and the client. Fees paid by the client to the Registrant may be higher or lower than the cost of similar services offered through other financial firms.

#### **Securitized Products Group:**

The Securitized Products Group receives a management fee calculated in arrears, accrued monthly and payable at the end of each calendar quarter.

#### **Other Fees**

In certain instances, account expenses may be charged back to the client. Clients also will be responsible for expenses, including commissions and/or sales loads, management fees and distribution/servicing fees, to the extent a client's assets are invested in Funds that have their own fee and expense structures. Subject to the requirements of applicable law and the consent of each client, the Registrant may invest client assets in Funds managed by Registrant or its affiliates. In the event of the investment of a client's assets in such a Fund, other than money market funds, steps are generally taken to avoid the payment of duplicative fees to the Registrant and its affiliates.

The Registrant may use one or more independent third-party custodians or prime brokers to provide custodial services in connection with the management of client assets. The cost of these services is not included in the advisory fees described above. Clients are responsible for paying any such additional costs charged by the custodial services providers. The advisory fees charged by the Registrant also do not include the amount of any costs, expenses or commissions that a broker or dealer may charge in connection with transactions executed on behalf of client accounts. In addition, a custodian or registered broker may impose certain costs or charges associated with servicing client accounts, such as margin interest, costs relating to exchanging foreign currencies, odd lot differentials, regulatory fees, transfer taxes, exchange fees, wire transfer or postage fees, foreign clearing, settlement and custodial fees, and other fees or taxes required by law. For a discussion on brokerage and other transaction costs please see Item 12 below.

Accounts with special investment guidelines or other special circumstances or requirements may be charged differently based on the services rendered. Some existing clients may pay different (higher or lower) fees that are not available to new or other clients. Assets or accounts of the Registrant's affiliates also may be charged fees and expenses that are different from, and in most cases, lower than those charged to unaffiliated client accounts or assets. Accounts of the Registrant's affiliates also may not be charged certain fees and expenses.

The Registrant may pay a portion of the advisory fee to any of its affiliates or entities or persons not affiliated with the Registrant for clients referred to it by such entities or persons. Such fees are paid in accordance with applicable law.

Employees of the Registrant and its affiliates are permitted to establish separate Accounts with the Registrant that may be charged reduced management fees.



## **Item 6: Performance-Based Fees and Side-By-Side Management**

### **Performance-Based Fees**

The Registrant may charge clients a negotiated performance fee based on a share of capital gains or capital appreciation of the assets under management, excess distributions remaining after payment of required amounts or based on some other measure as agreed between the Registrant and its client. In some instances, the fee calculation may include a base or hurdle rate that must be exceeded before the fee is payable or, if losses have been incurred, a “high water mark” that must be achieved before the fee is payable or a claw-back of fees previously paid. To the extent applicable, performance fees charged by the Registrant will comply with the requirements of Section 205 of the Investment Adviser Act of 1940, as amended (the “Advisers Act”) and the applicable rules thereunder.

Potential conflicts of interest may arise with the allocation of limited investment opportunities to the extent that the Registrant may have an incentive to allocate investments that are more likely to generate excess distributions but that are also more risky or are expected to increase in value to preferred accounts, including accounts with higher fee structures.

To avoid actual and potential conflicts of interest regarding fees received on a performance related element, the Registrant has policies and procedures in place to address and mitigate this conflict. The Registrant is required to place its client’s interests first and seeks to allocate investment opportunities to its clients, and otherwise to treat all of its clients, in a manner that is fair and equitable. The compensation arrangements referred to in this section present a potential conflict when the Registrant’s interest may not be aligned with the best interest of one or all of its clients. Improper activity could manifest in the form of inappropriate recommendations or investments to certain portfolios because the Registrant hopes the client will invest additional assets; allocation of opportunities to accounts that have been underperforming in an investment strategy; allocation of investment opportunities which favor performance fee based accounts over advisory fee only accounts; or a reluctance by the Registrant to mark down fair valued/illiquid securities to avoid (i) a decline in performance or (ii) increase in performance volatility, which can make the account/fund potentially less attractive to existing and prospective investors.

Certain personnel of the Registrant may manage, at the same time, one or more registered and unregistered funds, separately managed accounts and other hedge fund vehicles (“Hedge Funds”), which may raise potential conflicts of interest for the Registrant, including those associated with any differences in fee structure. Such side-by-side management may result in certain personnel devoting unequal time or attention to the management of one client over another.

The Registrant has adopted policies and procedures that it believes mitigate against the conflicts of interest posed by these arrangements. Additionally, the Registrant’s investment committees and investment managers meet regularly to review all allocation decisions and to determine their consistency with the Registrant’s policies and procedures.

### **Item 7: Types of Clients**

In addition to the types of clients described in Item 4 above, the Registrant may provide investment advice to institutions or other investment advisers, which may be affiliates, as an adviser or sub-adviser. The Registrant also may engage sub-advisers, which may be affiliates, to perform advisory services. The Registrant or an affiliate may provide consulting or advisory services for a negotiated fee to entities whose investments are held by Accounts and/or Funds managed by the Registrant. The Registrant or its affiliates, its employees and clients, may receive advisory and other fees such as break-up or loan origination fees from companies in which Funds or Accounts may invest. Such fees may or may not be paid to, in whole or in part, the Funds or Accounts.

### **Conditions for Managing Accounts—Account Size**

The Registrant may impose minimum account sizes (or fee equivalents) for starting new client accounts depending upon a number of factors including the type of client, type of mandate, and/or pre-existing relationship with the Registrant. Such minimum account sizes may be increased or decreased depending upon the specific circumstances of an individual client. If the value of an account is less than the required minimum as a result of a client's withdrawal of assets from the account, Registrant may elect to terminate the relationship with the client. Exceptions are made at the discretion of the Registrant.

Although the Registrant may advise only a Fund, and place no limits on the size of that account, individuals who want to invest in the Fund may be required to invest a minimum amount which varies depending on the Fund. These requirements are disclosed in each Fund's governing documentation.

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

### **Security Analysis Methods and Sources of Information**

The Registrant derives the information used to make investment decisions on behalf of its clients from both internal and external resources. The Registrant periodically may seek the advice of economists and other investment professionals and consultants, internal and external, with respect to such matters as political conditions, proposed tax law changes, fiscal policy, general conditions of the economy, interest rates, actions of central banks and international affairs. The Registrant may also use proprietary modeling techniques as well as quantitative and qualitative analysis.

Some of the Registrant's teams employ a bottom-up approach towards portfolio construction that begins with an initial review of primary and secondary market opportunities. For example, credit analysts perform in-depth, bottom-up, fundamental research assigning proprietary credit ratings to each issue. As the Registrant's portfolio management teams use a variety of methods to identify, analyze and assess potential and existing investment opportunities, existing and potential investors should review the more detailed descriptions of those methods that are included in the relevant Fund or Account documents and other constituent documentation for a particular investment.

### **Investment Strategies & Risk of Loss**

The Registrant, through its portfolio management teams, offers a variety of investment strategies, including investments in structured credit products, instruments and exposures through residential and commercial mortgage-backed securities, collateralised debt obligations, CLOs, other asset-backed securities, derivatives and other structured and non-structured products. The Registrant may employ a variety of additional investment strategies, including but not limited to investments in and arbitrage of commodity futures, swaps and options; investments in various derivative instruments for hedging purposes or to create exposure in lieu of holding actual securities or other instruments; investments in currencies, including through forward contracts and investments in preferred equity, mezzanine debt and common equity.

An investment in securities or other financial instruments involves a significant degree of risk, including the potential loss of the entire investment. Before deciding to invest in a product offered by the Registrant, you should read the prospectus, offering memoranda and any other documents you receive and pay particular attention to the risk factors contained within those documents. Investors should have the financial ability and willingness to accept the risk characteristics of their particular investments. For instance, losses in a Fund will be borne solely by investors and not by the Registrant (other than in its capacity as the Fund's general partner). Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The following are some of the risks and considerations which should be made prior to making an investment in the products offered by the Registrant. The performance of portfolio investments of other products managed by the Registrant or its affiliates is not necessarily indicative of the results that will be achieved by a Fund or Account in which you invest. Not all risks may be applicable to your particular investment.

### Legal, Tax and Regulatory Risks

Legal, tax and regulatory developments may adversely affect an Investment Vehicle or Participating Fund during the term of the investment. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and parties that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment is evolving, and currently there are numerous legislative and regulatory proposals in the U.S., Europe and other countries that could affect the trading activities of the Registrant or adversely affect the ability of a client to pursue its investment strategy. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict the ability of a client to trade in securities or the ability of a client to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the client's portfolio.

### Market Conditions and Volatility

Market and economic conditions during the past several years have caused significant disruption in the markets. The prices of a client's investments, including, without limitation, common equity and related equity derivative instruments, high-yield securities, convertible securities and derivatives, including futures and option prices, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a client's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in government bonds, currencies, financial instruments, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. These factors and general market conditions could have a material adverse impact on a client's portfolio.

### Portfolio Valuation

Valuations of a client's portfolio, which will affect the amount of the Registrant's management fee and/or performance fee, are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be generally available regarding a significant portion of a client's investments in certain asset classes, and in some circumstances valuation models may be relied upon in order to value a client's assets. The Registrant is not required to, nor expects to receive, independent third party verification of these valuation models created by the Registrant. In addition, to the extent third-party pricing information is available, a disruption in the secondary markets for a client's investments may limit the ability to obtain accurate market quotations for purposes of valuing those investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by a client from time to time, the liquidation values of those securities and other investments

may differ significantly from the interim valuations of those investments derived from the valuation methods described herein.

#### *Dependence on Key Personnel*

The success of any Fund or Account managed by the Registrant depends in substantial part on the skill and expertise of the personnel of the Registrant. There can be no assurance that such personnel will continue to be employed by the Registrant or associated with an investment vehicle or account throughout the life of the investment vehicle or account. The loss of key personnel could have a material adverse effect on the Fund or Account.

#### *Concentration Risk*

The strategy of investing in multiple investments is designed in an attempt to achieve diversification and thus seeks to limit exposure to any single investment loss. Nevertheless, multiple investments may result in losses which may be substantial. For any given period of time, the investments of certain clients may be concentrated in a relatively small number of portfolio holdings. To the extent a client concentrates its investments in a small number or single portfolio holding, industry, sector and/or geographic region, the client will be susceptible to a greater degree of risk affecting investments in that issuer, industry, sector and/or region than would otherwise be the case. In addition, fluctuations in the value of a small number of portfolio holdings will significantly affect the value of the client's portfolio.

#### *Foreign Investment and Emerging Markets Risk*

Funds or Accounts managed by the Registrant may be permitted to invest in a variety of non-U.S. instruments, including securities and other instruments of certain non-U.S. corporations and countries. Investing in the securities of companies (and, from time to time, governments) in certain countries (such as emerging nations or countries) involves certain considerations not usually associated with investing in securities of United States companies or the United States Government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict investment opportunities; and in some cases less effective government regulation than is the case with securities markets in the United States.

To the extent a client invests in companies operating in emerging market countries, those investments involve certain risks not typically associated with investments in the securities of companies in more developed markets, including the direct and indirect consequences of potential political, economic, social and diplomatic changes in those countries. The governments in those countries typically participate to a significant degree, through ownership interests or regulation, in local business, often exercising a controlling influence in certain key sectors of the economy.

### Use of Derivatives

Funds or Accounts managed by the Registrant may be permitted to invest in a variety of derivative instruments. The risks posed by derivatives include (i) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (ii) market risks (adverse movements in the price of a financial asset or commodity); (iii) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (iv) operational risks (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risks (exposure to losses resulting from inadequate documentation); (vi) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (vii) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risks (the risk that a party to a contract faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

### Structured Securities

The Registrant may invest client assets in strategies that consist of structured instruments, such as structured notes and warrants, and are offered and sold pursuant to a registration statement filed with the SEC or in a transaction exempt from registration under the U.S. Securities Act of 1933, as amended. The primary objective of these strategies is to build a portfolio of structured investments with varying terms and diversified credit exposures. The portfolio management team invests in structured investments issued by third-party issuers and may also invest directly in the referenced asset(s) or underlying exposure (*i.e.*, the index) for a period of time in an effort to maintain the exposure intended by the strategies. The terms and risks of each structured investment vary materially depending on the credit-worthiness of the issuer, the nature of the referenced asset and the maturity of the instrument, among other factors.

### Use of Leverage

The Registrant may employ leverage in a number of ways including purchasing instruments with the use of borrowed funds, selling securities short, trading options or futures contracts, using total return swaps, structured notes and repurchase agreements. The more leverage employed, the more likely it is that a substantial change will occur, either up or down, in the value of the instrument.

### Mortgage Backed Security (MBS) and Asset Backed Security (ABS) Complexity Risk

MBS and ABS are highly complex investments. Their complexity gives rise to the risk that investors, parties involved in their creation and issuance, and other parties with an interest in them may not have the same understanding of how these investments behave, or the rights that the various interested parties have with respect to them. Furthermore, the documents governing these investments may contain some ambiguities that are subject to differing interpretations. Even in the absence of such ambiguities, if a dispute were to arise concerning these instruments, there is a risk that a court or other tribunal might not fully understand all aspects of these investments and might rule in a manner contrary to both the terms and the intent of the documents. Therefore, an investor cannot be fully assured that it will be able to enjoy all of the

rights that it expects to have when it invests in MBS or ABS. In addition, due to their complex structure, MBS and ABS may be difficult to value and may have reduced liquidity.

#### *Structural Risks of Subordinated MBS and ABS*

The Registrant may invest client assets in MBS and/or ABS that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Many of the default-related risks of “whole loan” mortgages will be magnified in subordinated securities. Default risks may be further pronounced in the case of MBS or ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities (“first loss securities”) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

#### *Investments in Collateralized Debt Obligations (“CDOs”) or Collateralized Loan Obligations (“CLOs”)*

The Registrant may invest in CDOs or CLOs. These obligations may present risks similar to those of the other types of obligations in which the Funds may invest. Investing in CDOs or CLOs may entail a variety of unique risks, such as prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk. In addition, the performance will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer or manager of the securitized assets. CDOs and CLOs often represent a leveraged investment and may have significant volatility in value. The possibility of increased volatility and default rates in the structured finance sector may also adversely affect the price and liquidity of the CLOs included in the client’s investments.

Issuers of CDO or CLO securities may acquire interests in loans and other debt obligations by way of sale, assignment or participation. The purchaser of an assignment typically becomes a lender under the credit agreement with respect to the loan or debt obligation; however, its rights can be more restricted than those of the assigning institution. In purchasing participations, an issuer of these securities will usually have a contractual relationship only with the selling institution and not the borrower. The CDO/CLO generally will have neither the right to directly enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor any rights to object to certain changes to the loan agreement agreed to by the selling institution. The CDO/CLO may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of insolvency of the selling institution, under the laws of the states and the United States of America, the CDO or CLO may be subject to the credit risk of the selling institution as well as of the borrower.

### Non-Public Information

From time to time, the Registrant or its affiliates may come into possession of material non-public information with respect to an issuer of securities or other instruments (e.g., bank debt or investments involving a restructuring) in which a client has invested, or in which the Registrant intends to or is researching as a potential investment for its clients. Possessing such information may limit the ability of the Registrant to buy or sell such securities or other instruments on behalf of its clients. Accordingly, the Registrant may be prohibited from buying or selling such securities or other instruments on behalf of its clients at times when the Registrant might otherwise wish to buy or sell such investments.

### Volcker Rule

Credit Suisse Group and its subsidiaries and affiliates, including the Registrant (collectively, “CSG”) are subject to the prohibitions and restrictions of Section 13 of the Bank Holding Company Act and its implementing regulations (together, the “Volcker Rule”), which came into effect on July 21, 2012 with final rules implementing certain parts of the Volcker Rule issued on December 10, 2013. The Volcker Rule generally prohibits any “banking entity,” such as CSG, from sponsoring or acquiring or retaining as principal, directly or indirectly, an ownership interest in a “covered fund” other than pursuant to a “permitted activity.” A banking entity is also prohibited from engaging in certain “covered transactions” with certain related “covered funds,” including sponsored “covered funds.” The final rules define a “covered fund” to include, among other things, (i) any issuer that would be an investment company, as defined in the Investment Company Act but for Section 3(c)(1) or Section 3(c)(7) of that Act, (ii) any “commodity pool” as defined in the Commodity Exchange Act, for which the commodity pool operator has claimed an exemption under CFTC Rule 4.7 or is registered with the Commodity Futures Trading Commission, and the pool is primarily owned by “qualified eligible participants” (“QEPs”) and has not been publicly offered to non-QEPs, and (iii) a foreign fund controlled by a U.S. banking entity that is organized or established outside the U.S. and has no ownership interests offered or sold in the U.S., is engaged primarily in investing securities for resale or other disposition or otherwise trades securities, has as its sponsor the U.S. banking entity or has issued an ownership interest owned by the U.S. banking entity, and if offered in the U.S., would rely on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. Because most of the Funds managed by the Registrant or its affiliates meet the definition of “covered fund,” CSG is required to conform its sponsorship of and investment in the Investment Vehicles to a permitted activity under the Volcker Rule.

The Volcker Rule also prohibits a banking entity from engaging in a transaction or activity that is otherwise a permitted activity if it would (i) involve or result in a material conflict of interest between the banking entity and its clients, customers or counterparties, (ii) result, directly or indirectly, in a material exposure by the banking entity to a high-risk asset or high-risk trading strategy, or (iii) pose a threat to the safety and soundness of the banking entity or the financial stability of the United States. Accordingly, the investment opportunities, business relationships, investment strategies or other actions of the Funds could be limited in order to comply with these restrictions.



### Cybersecurity Breaches, Identity Theft and Other Threats to Technology Systems

CSG's and the Registrant's information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in CSG's and the Registrant's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors. Such a failure could harm CSG's, the Registrant's or a client's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to the Registrant or its clients, interfere with the Registrant's ability to value portfolio investments, impair the Registrant's trading ability and otherwise to transact business, and result in violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs or additional compliance costs.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; counterparties with which a client engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

### Other Risks

In addition to the risks discussed above, clients may be subject to the following additional investment risks: (i) counterparty risk; (ii) volatility in the market and general economic conditions; (iii) lack of diversification; (iv) foreign currency risks; (v) commodities risk; (vi) increased government regulation; or (vii) duplication or "layering" of expenses. Potential conflicts of interest also may arise from the relationship between the Registrant and any of its affiliates. Those conflicts are discussed in greater detail in Item 10 of this brochure. For a complete discussion of an Account's or a Fund's strategies and the principal investments risks of those strategies, please read carefully the offering materials and any other documents received in connection with your investment.

### **Item 9: Disciplinary Information**

The Registrant is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. The following disclosure of certain disciplinary events involving the Registrant or certain affiliates of the Registrant is required by the SEC.

Prior to and through in or about 2009, Credit Suisse AG (“CSAG”), including through its subsidiary Clariden Leu, operated a cross-border banking business that aided U.S. clients in opening and maintaining undeclared accounts and concealing foreign assets and income from the U.S. Internal Revenue Service. On May 19, 2014, the U.S. Department of Justice (the “Department of Justice”) filed a one-count criminal information (the “Information”) in the District Court for the Eastern District of Virginia charging CSAG, the parent company of the Registrant, with conspiracy to commit tax fraud related to accounts CSAG established for cross-border clients from 2002 to 2008. The Department of Justice and CSAG entered into a plea agreement (the “Plea Agreement”) settling the action pursuant to which CSAG pleaded guilty to the charge set out in the Information. The Plea Agreement required CSAG to pay over \$1.8 billion to the U.S. government, including the U.S. Internal Revenue Service. The Plea Agreement also required CSAG to lawfully undertake certain remedial actions to address the conduct described in the Plea Agreement and attachments to the Plea Agreement (the “Conduct”). CSAG entered into other settlements relating to the Conduct. CSAG and the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) agreed to the issuance of a consent Cease and Desist Order and Civil Money Penalty Assessment against CSAG to resolve certain findings by the Federal Reserve Board relating to the Conduct. In addition, CSAG and the New York State Department of Financial Services (the “DFS”) entered into a Consent Order to resolve certain findings by the DFS relating to the Conduct. The settlement with the Federal Reserve Board required CSAG to pay \$100 million to the Federal Reserve, and the settlement with the DFS required CSAG to pay \$715 million to the DFS. These settlements followed a settlement by Credit Suisse Group AG (“CS Group”), the parent company of CSAG, with the Securities and Exchange Commission (the “Commission”) on February 21, 2014 to resolve an investigation by the Commission into solicitation and provision of broker-dealer and investment advisory services to certain U.S. cross-border clients by CS Group while not registered with the Commission as a broker-dealer or investment adviser. As part of the settlement, CS Group paid \$196,511,014, which included \$82,170,990 in disgorgement, \$64,340,024 in interest and a \$50,000,000 penalty. Neither the Registrant nor any other affiliate of CSAG registered with the Commission as an investment adviser under the Investment Advisers Act of 1940 or broker-dealer under the Securities Exchange Act of 1934 was named in any of these settlements or involved in the conduct underlying these settlements.

Additionally, the Registrant has made available other disciplinary items in Part I, Item 11 of the ADV which can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### **Item 10: Other Financial Industry Activities and Affiliations**

Registrant is under the control of Credit Suisse Group AG (“Credit Suisse”), a foreign bank holding company based in Switzerland, which has various U.S. and foreign subsidiaries and affiliates that engage in a variety of securities, broker-dealer, investment company, investment adviser, commodities, banking, insurance, consulting, real estate and custodial activities worldwide through its two divisions – Investment Banking and Private Banking, & Wealth Management. In Investment Banking, Credit Suisse offers securities products and financial advisory services, including debt and equity underwriting, sales and trading mergers and acquisitions, investment research, correspondent and prime brokerage services to corporations, governments and institutional investors. In Private Banking and Wealth Management, Credit Suisse provides comprehensive advice and a broad range of investment products and services globally tailored to a broad spectrum of clients ranging from private & high-net-worth individuals to institutional clients such as governments, institutions and corporations. Wealth management solutions include tax planning, pension planning, life insurance solutions, wealth and inheritance advice, trusts and foundations, advising and managing managed accounts, mutual funds, fund of funds and other investment vehicles. It offers investment products ranging from equities, fixed income, and commodities to multiple-asset class products. Credit Suisse also offers the full range of alternative investments including real estate, hedge funds, private equity, and volatility management.

From time to time, Registrant may, with prior client consent (if necessary), and to the extent permitted by applicable law, delegate some or all of its responsibilities, duties and authority under a Management Agreement or other similar agreement to one or more of its affiliated investment advisers. Registrant’s affiliated advisers may likewise delegate some or all of their responsibilities, duties and authority to the Registrant.

#### **Affiliated Relationships**

Registrant has, or potentially could have, arrangements with related persons under the control of Credit Suisse, including but not limited to (1) broker-dealers with which Registrant may engage in securities transactions, among other things; (2) investment companies, both private and registered; (3) investment companies for which Registrant may act as investment adviser, sub-adviser or administrator, among other things; (4) other investment advisers for which Registrant may act as sub-adviser, among other things; (5) commodity pool operators, commodity trading advisors or futures commission merchants with which Registrant may engage in certain transactions on behalf of certain clients, among other things; (6) banking or thrift institutions for which Registrant may provide advisory services, among other things; (7) pension consultants for which Registrant may provide advisory services, among other things; and (8) real estate brokers or dealers for which Registrant may provide advisory services, among other things.

#### **Affiliated Broker Transactions**

In the course of conducting its business, an affiliate of Registrant may from time to time act as broker or agent in effecting securities transactions for its clients or other persons, purchase from

or sell securities or other investment products in which affiliates of Registrant may have an interest and purchase or sell securities for its own account that it also recommends to clients.

### **Additional Considerations**

As described previously the Registrant may be deemed a related party with respect to Credit Suisse, including its various directly and indirectly owned subsidiaries. These entities engage in a variety of financial services activities. In the regular course of business, Credit Suisse and its affiliates may engage in activities where their interests or the interests of their clients may conflict with the interests of the Registrant's clients.

The conflicts of interest that may arise due to the broad spectrum of activities engaged in by Credit Suisse, the Registrant and its affiliates are described in detail in the offering documents of the Investment Vehicles advised by the Registrant. These potential conflicts, which may arise in the regular course of business, include, but are not limited to, the following: (i) Credit Suisse and its affiliates may receive investment banking fees from portfolio companies and other parties involved in transactions with the Registrant's clients; (ii) Credit Suisse or its affiliates, may act, or may seek to act, as a financial advisor to third parties in connection with the sale or purchase of securities or businesses meeting the investment objectives of the Registrant's clients, which may prevent the Registrant's clients from investing in the securities or businesses being sold; (iii) Credit Suisse and its affiliates may act, or may seek to act, as financial adviser to a potential third-party buyer of a potential investment that the Registrant's clients are also seeking to buy, or a potential buyer of an existing portfolio company or any assets or businesses held by an existing portfolio company; (iv) Registrant's clients may be offered an opportunity to make an investment (a) in connection with a transaction in which Credit Suisse, its affiliates or one of their clients (or one of the Registrant's own clients) is expected to or seeks to participate or (b) in a company in which Credit Suisse, its affiliates or one of their clients (or one of the Registrant's own clients) already has made, or concurrently will make or seek to make, an investment; (v) a client of the Registrant may hold a different class of securities of the same issuer than another client of the Registrant or a different class than Credit Suisse, its affiliates or one of their clients hold; (vi) purchases or sales of securities, assets or businesses whose securities are held by a client of the Registrant may be made from or to Credit Suisse, a Credit Suisse affiliate or one of their clients (or another client of the Registrant); (vii) proceeds from the sale of securities by one of Registrant's clients may be used to repay a loan to the issuer from Credit Suisse, a Credit Suisse affiliate or client (or to one of the Registrant's other clients); (viii) Credit Suisse and its affiliates may make investments or undertake investments on behalf of their clients that are similar to the investments intended to be made by the Registrant's clients; (ix) the Registrant's clients may enter into arrangements to acquire or sell debt or equity investments, borrow funds, or guarantee borrowings of funds from, or enter into hedging or other transactions with, Credit Suisse or its affiliates; (x) Credit Suisse and its affiliates have, and may in the future, develop relationships with a significant number of companies and their senior managers, including relationships with clients who may hold or may have held investments similar to the investments intended to be made by Registrant's clients; (xi) employees of Credit Suisse may receive remuneration as a result of cross-divisional transactions and referrals made to its affiliates; (xii) Credit Suisse and its affiliates may make investments on behalf of clients into Investment Vehicles managed, advised or sponsored by Credit Suisse or one of its affiliates and (xiii) Credit

Suisse and its affiliates may have financial interests that diverge from those of Registrant's clients and may take actions harmful to Registrant's clients.

### **Monitoring of Conflicts of Interest**

The Registrant has established policies and procedures to identify and address potential conflicts of interest. Any conflicts of interest that arise between one of the Registrant's clients and Credit Suisse and its affiliates or their clients (or another client of the Registrant) will be discussed and resolved on a case by case basis by senior officers of Credit Suisse and its affiliates and representatives of the Registrant, or internally by the Registrant, as applicable. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. Conflicts will not necessarily be resolved in favor of Registrant's clients or any one of Registrant's clients. To the extent possible, the Registrant will seek to engage in arm's-length transactions in which Credit Suisse and its affiliates have a direct or indirect financial interest.

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

### **Personal Trading and Code of Ethics**

The Registrant strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Registrant has adopted a Code of Ethics programme which establishes ethical standards for the Registrant and seeks to avoid the appearance of conflicts of interest. The Code of Ethics incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Registrant's Personal Account Trading Policy and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Registrant's clients, including the investors in the funds managed by the Registrant, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Registrant's Personal Account Trading Policy also permits personnel covered by the Code of Ethics ("Covered Persons") to invest in securities, including securities that may be purchased or held by clients, subject to certain disclosures and restrictions that are designed to address conflicts of interest that could arise from personal trading by advisory personnel, including: (1) all Covered Persons must report their personal securities transactions; (2) all Covered Persons must obtain pre-clearance before executing any personal securities transactions; (3) Covered Persons may not execute personal trades in a security if there are any pending orders in that security by clients; (4) generally, Covered Persons may not invest in initial public offerings; and (5) Covered Persons are subject to minimum holding periods, blackout periods and a restricted securities list. Investors may request a copy of the Code of Ethics programme by contacting the Registrant c/o One Cabot Square, London, E14 4QR, United Kingdom.

### **Participation or Interest in Client Transactions**

The Registrant or a related person may buy or sell securities for the account of its clients when one or more related persons of Registrant acts as principal or otherwise makes a market in such securities or when a related person is the underwriter of such securities. Use of such affiliates may create conflicts of interest due to the potential conflicting loyalties between the affiliate and Registrant's clients. For instance, the Registrant or a related person may have continuing relationships with issuers or other vendors which may present conflicts with current advisory clients. Additionally, employees or independent contractors of the Registrant may have positions in securities recommended or securities adverse to those in which advisory clients participate. Employees who refer clients to other divisions of Credit Suisse for products or services may be entitled to receive incentive compensation for the referral, which does not increase the fees or expenses paid by the client for the product or service. In selecting any affiliate, Registrant or a related person will use the same criteria as it uses to select any other broker or dealer, including a fiduciary obligation to the client to obtain, to the extent applicable, best execution. Further,

when engaging in such transactions, Registrant will seek to comply as applicable, with the Advisers Act, the Investment Company Act of 1940, as amended, the Employee Retirement Income Security Act of 1974 and/or other applicable rules or regulations.

The Registrant or a related person may render investment advice and provide investment management services to investors and institutions with respect to securities which are the same as or similar to those recommended to or purchased for its other clients. Therefore, the Registrant or a related person may from time to time have potentially conflicting loyalties and responsibilities with regard to its various clients. If applicable, the Registrant or a related person shall maintain procedures that are designed not to disfavor any client account over other accounts in the execution and allocation of transactions.

To the extent permissible under applicable laws and the limitations outlined above, the Registrant or a related person may effect securities transactions on behalf of its clients through affiliated brokers. The commission rates charged to clients by brokers (including affiliated brokers) are negotiated and, therefore, different rates may be charged depending on the service or package of services provided to the client. See also response to Item 12 below.

The Registrant or a related person may buy or sell securities for clients when an affiliate of the Registrant serves as broker for both the Registrant's or such related person's, client and the person on the other side of the transaction. From time to time, the Registrant or a related person may also direct one client to sell investments to another client, subject to client guidelines. If the Registrant or a related person engages in such transactions, it will receive no compensation in connection therewith and will seek to comply with applicable law. If the advisory account is discretionary, the Registrant or a related person will disclose the dual capacity in which the affiliated broker is acting and will obtain the consent of the client prior to effecting the transaction, unless the client prior to effecting the transaction has granted permission on a blanket basis as permitted under Advisers Act Rule 206(3)-2.

The Registrant or a related person may recommend to clients the purchase or sale of securities in which one or more of its related persons has a financial interest or position. For example, related persons of the Registrant, including Credit Suisse Group AG and other foreign affiliates, engage in various types of investment banking activities and lending activities with issuers of securities that the Registrant or a related person may recommend to its clients. In addition, employees of the Registrant or a related person may serve as directors of various companies that the Registrant or the related person may purchase or sell on behalf of client accounts. Any such outside activities, however, are subject to the Registrant's or such related person Code of Ethics programme. Further, employees of the Registrant or its affiliates may co-invest or be offered the right to co-invest in various participating funds and, with respect to certain private investments, on the same terms and conditions as those applicable to the corresponding investments by the participating funds or may invest in a different class of securities from those invested in by the participating funds. These employees may include members of the investment committee for the participating funds. Any such co-investments are subject to Registrant's Code of Ethics programme. The Registrant or such related person will disclose to its advisory clients its relationship with such affiliates to the full extent required by applicable law. By reason of such activities, the Registrant or a related person may acquire confidential

information or be restricted from transacting certain securities. The Registrant or a related person will not be free to disclose or act upon such confidential information and as a result may not initiate a transaction which it otherwise might have or which may be beneficial to its clients. In addition, the Registrant and/or its related persons may hold investments in certain investment companies for which the Registrant acts as an investment adviser. Registrant or a related person might recommend that its advisory clients purchase shares of investment companies which the Registrant's related persons advise and from which the Registrant and/or its related persons receive advisory, administration and/or distribution fees. However, the Registrant or a related person will send to each advisory client written disclosure of the Registrant's or a related person relationship to any such investment company and no purchases are made in such investment companies for discretionary accounts without the prior consent of the advisory client. In the event of investment of client assets in any such investment company, other than a money market fund, steps are generally taken to avoid the payment of duplicative fees to the Registrant and its related persons. Clients whose assets are invested in money market funds may pay fees to the Registrant and its related persons both through the investment company and directly from their account.

The Registrant or a related person generally does not engage in any proprietary trading for its' own account, but certain affiliates may do so, in compliance with applicable law. Employees of the Registrant or a related person, however, may engage in transactions for their personal accounts that they also recommend to the Registrant's or a related person clients. Each employee of the Registrant or a related person is required to provide to the Registrant or such related person periodic reports of their securities trading activities. In addition, each employee of the Registrant or such related person also is required to provide a report of his or her securities holdings upon commencement of employment. Transactions in securities to be made for the personal interest of an employee of the Registrant or a related person are subject to the Registrant's or such related person's Code of Ethics. Accordingly, employee trades are subject to pre-clearance requirements, as well as trading prohibitions designed to avoid conflicts of interest with clients. Employees of the Registrant and its affiliates are permitted to establish separate investment advisory accounts with the Registrant that may or may not trade side by side with client accounts.

For additional information concerning the interests of the Registrant and its affiliates in client transactions, see Item 10 above.



## **Item 12: Brokerage Practices**

### **Commission Rates and Research Services**

Each security transaction will be placed with specific broker-dealers selected by the Registrant with the overriding goal of receiving “best execution” at a fair, competitive brokerage cost. In selecting broker-dealers, the Registrant seeks to do business with those broker-dealers that, in the Registrant’s judgment, can be expected to provide the best service considering such factors as price, cost, speed, likelihood of execution and settlement, size and nature of the order or any other consideration relevant to the order.

The Registrant does not currently have any commission sharing agreements with any of its brokers and does not engage in soft dollar practices.

In certain investment strategies (usually fixed income), dealers act as principals and not brokers when effecting transactions. Some transactions are effected through market makers who earn a mark-up on the transaction. Transactions in certain assets such as leverage loans and distressed debt are often subject to settlement periods in excess of the securities standard of trade date plus three days. Settlement periods can range up to thirty days or longer in certain cases. Unless otherwise agreed to, a seller owns the security until closed and as such is entitled to all interest and fees earned and accrued until closing occurs. Other terms may be negotiated as warranted. Participants are subject to ongoing market risk to the extent that settlement is lengthy.

### **Trade Aggregation, Allocation and Errors**

With respect to Accounts and Funds that invest directly in investment securities or other assets, if the Registrant believes that the purchase or sale of a security is in the best interest of more than one Fund or more than one Account, it may (but is not obligated to) aggregate the orders to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent practicable and when permitted by applicable laws and regulations. In the event the Registrant aggregates an order for participating accounts, the method of allocation will generally be determined prior to the trade execution. Although no specific method of allocation of transactions (as well as expenses incurred in the transactions) is expected to be used, when trades are aggregated, the transactions, as well as the expenses incurred in the transactions, will be allocated by the Registrant according to a policy designed to seek to ensure that such allocation is fair and equitable over time and consistent with the Registrant’s fiduciary duty and client guidelines in order to construct a fully invested portfolio (including its duty to seek to obtain best execution of trades). Aggregation of orders under this circumstance should, on average, decrease the costs of execution.

Depending upon markets conditions, the aggregation of orders may result in higher or lower average prices paid or received. Orders which are not aggregated are entered at the market prices prevailing at the time of the transaction. Accordingly, trades that are not aggregated and entered at different times during the same day may result in different pricing. In addition, derivative transactions may be priced by the counterparty or pursuant to the respective documentation for the derivative transactions. Thus, client portfolios may be priced at different levels. While the

Registrant seeks to minimize the price disparity that may result, there can be no assurance that consistent pricing will be achieved among advisory clients and investment vehicles. Further, there is no assurance that investment vehicles or advisory clients with similar strategies will hold the same investments or perform in a similar manner.

As noted below, the Registrant may not be able to aggregate securities transactions for clients who direct the use of a particular broker-dealer. In those instances, the Registrant may effect transactions with particular broker-dealers on a rotation basis consistent with its trading policy. As a result, the client also may not benefit from any improved execution or lower commissions that may be available for such transactions.

Similar to the Registrant's process to aggregate trades, allocations are made in a manner which the Registrant deems to be fair and equitable to clients over time. Due to the nature of certain assets as well as specific client guidelines, a pro rata allocation of trading opportunities is not always feasible, therefore such allocations are driven primarily by a number of factors, including client guidelines, a Fund's documentation, legal and tax concerns and the Registrant's internal investment policies, if any. The Registrant's internal investment policies are based in general on its overall view of market conditions relative to each portfolio including such factors as the nature and size of existing and other portfolios under management as the nature and size of existing holdings and cash positions. For example, consideration may be given to Funds which are ramping up or have sizable inflows or outflows of funds. Allocations may be made to accounts managed in a similar manner in order to provide similar size exposure to investments.

Pursuant to this policy, each Fund or Account that participates in an aggregate order will typically participate on a pro rata basis at the average share price for the aggregated order in that security on a given business day, by broker, with transaction costs shared pro rata based on each Fund's or on each Account's participation in the transaction. The Accounts aggregated may include registered and unregistered investment companies managed by the Registrant's affiliates and accounts in which the Registrant and its affiliates and their respective officers, directors, agents or employees own interests or may benefit directly or indirectly. If the order is partially filled, it generally will be allocated pro rata in portion to the size of the orders placed for each participating client, except that the Registrant may make a *de minimis* exception from allocation by indicating at the time an order is placed a position amount that is not worth allocating to a client. The *de minimis* amount may also be determined by the market (i.e., securities may be traded only in minimum lot sizes or blocks). Certain odd lots may also be *de minimis* for certain types of clients.

Where the Registrant has multiple investment committees, each responsible only for its clients, investment opportunities are generally not allocated among clients of different investment committees. Similarly, each portfolio management team (e.g., Securitized Products or CIG) is only responsible for its clients and will generally not make available to other portfolio management teams investment opportunities it has sourced for its clients.

The Registrant's policies and systems have been reasonably designed to minimize potential errors when managing client assets. While the Registrant employs policies and procedures to avoid errors, it should be noted that any policy and procedure developed could not possibly

anticipate every potential error. For example, errors may occur in the investment decision-making process (*e.g.*, a decision may be to purchase a security or an amount of a security that violates client guidelines), in the trading process (*e.g.*, a buy order may be executed as a sell order or vice versa), or as operational or settlement errors. We endeavor to identify such errors at the earliest possible time, correct them as soon as practicable, including but not limited to reallocation, and documentation. Depending on the type and severity of the error, the firm will typically undertake a review to determine whether a potential systemic weakness exists which requires adjustment in order to reasonably prevent reoccurrences of such errors.

### **Broker or Dealer to be Used**

Most clients for whom the Registrant serves as investment adviser leave the selection of brokers or dealers to effect securities transactions to the discretion of the Registrant. In certain circumstances, the Registrant is instructed which brokers and dealers to use or not to use to execute securities transactions. The use of these designated brokers or dealers for brokerage purposes will, at all times, be subject to the Registrant's overriding goal of receiving “best execution” at a fair, competitive brokerage cost for its clients, but it may not be possible for the Registrant to obtain for affected clients the lower rates that might be obtainable if the Registrant had full discretion in the selection of the executing firm.

**Item 13: Review of Accounts**

Generally accounts are reviewed by account managers daily, monthly, or quarterly depending on the types of account, the amount of assets under management, the nature of the investment goals and objectives of the client. Complete accounting and performance written reports are generated for each client on a periodic basis. Registrant also reconciles every account independently against bank or brokerage statements to seek to ensure that income is properly credited to the account and that errors will not go undetected.

#### **Item 14: Client Referrals and Other Compensation**

The Registrant may pay fees to financial intermediaries, advisers, planners, and individuals who refer their clients to the Registrant or investors to Funds, in accordance with applicable law. Depending upon a Fund's structure and documentation, such fees can be paid from the Fund's assets. In addition, the Registrant may pay a portion of the advisory fee and/or performance fee, if any, to any of its affiliates and other third parties for clients referred to it by such affiliates and other third parties. Such fees paid to any affiliates and other third parties also will be in accordance with applicable law, and any other applicable obligations of those individuals and entities receiving such fee.

Written agreements may be entered into between the Registrant and solicitors pursuant to Rule 206(4)-3 under the Advisers Act. Pursuant to such agreements, the Registrant provides the solicitor with this Part 2 of its Form ADV, or the relevant Schedule H, Managed Accounts Brochure, if applicable ("Disclosure Documents"). The solicitor must provide to clients, at the time of solicitation, (i) the Registrant's Disclosure Documents and (ii) a written disclosure statement on the solicitor's letterhead which shall: (a) advise the client of the nature of the relationship between the solicitor and the Registrant; (b) include a statement that the solicitor will be compensated for its solicitation services by the Registrant; (c) indicate the terms of such compensation arrangement, including a description of the compensation paid or to be paid to the solicitor by the Registrant as a result of the solicitation agreement; and (d) indicate whether client will be charged amounts in addition to the investment advisory fee in connection with the solicitation agreement between solicitor and the Registrant.

Certain affiliates of Credit Suisse hold an equity interest in the Registrant or the general partner of a CS-sponsored Fund and hence may receive a portion of the revenues or profits of some or all of these entities in addition to the fees received by Credit Suisse and/or its affiliates for serving in the capacity of placement agent.

In addition, employees of the Registrant may introduce prospective advisory clients to the Registrant. Employees of the Registrant who refer clients to other divisions of Credit Suisse for products or services may be entitled to receive incentive compensation for the referral which does not increase the fees or expenses paid by the client for the product or service. The relationship between the solicitor-employee and the Registrant is disclosed to the prospective advisory client at the time of the solicitation. Under the Credit Suisse Single Global Currency ("SGC") program, employees are encouraged to make cross-divisional referrals of clients and prospective clients which may include referrals to the Registrant. Policies are in place to address the principals that must be adhered to when making cross-divisional client and prospective client referrals and will determine eligibility for SGC. The use of referral and solicitation arrangements, including SGC, may create a conflict of interest. As described above the Registrant has policies and procedures in place to address and mitigate the conflicts.

### **Item 15: Custody**

The Registrant does not maintain direct custody of client assets. However, under Rule 206(4)-2 under the Advisers Act, “custody” is broadly defined to also include holding indirectly client funds or securities, or having any authority to obtain possession of them. In particular, in respect to the Registrant’s clients, the Registrant would be considered to have custody either:

- With respect to Accounts, because the Registrant is authorized under the client’s agreement with the Registrant to withdraw the client funds or securities maintained with a third-party custodian upon the Registrant’s instruction to the third-party custodian; and
- With respect to Funds, the Registrant or an affiliate of the Registrant may serve in a capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives it legal ownership of or access to the Funds’ funds or securities.

In order to avoid any conflict of interest that indirect custody of client assets may cause, the Registrant would, where relevant, take the following actions required or permitted by Rule 206(4)-2:

- With respect to Accounts, the Registrant makes due inquiry in order to have a reasonable basis to believe that the third-party custodian sends an account statement, at least quarterly, to each managed account holder, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. Account holders should carefully review the account statements that they receive from their third-party custodian, and they are urged to compare those account statements with the account statements that they receive from the Registrant.
- With respect to Funds, the organization documents of such Funds provide for the annual audit of the Funds’ financial statements and the delivery of such audited financial statements to Fund investors. Investors in Funds are instructed to review the financial statements carefully.
- To the extent the Registrant is not required or is unable to deliver audited financial statements of a Fund to its investors, the Registrant is required to undergo an annual surprise examination for those accounts. The accountant’s procedures for the surprise examination should include confirmation of the client assets with both the Registrant and the client and confirmation of contributions and withdrawals. In addition, these accounts also maintain their holdings at a qualified custodian.
- For certain Funds, CS affiliates may be utilized for custodial services, repo and other securities transactions which could result in the Registrant having custody of the Fund’s assets. When such situations arise, the affiliates will engage a third party accounting firm to perform an control review to satisfy the requirements of the rule.

### **Item 16: Investment Discretion**

The Registrant generally has the authority to make all determinations on behalf of its clients via legal agreements regarding securities to be bought or sold, the amount to be bought or sold, the broker or dealer to be used and the commission rate paid. Certain clients may limit the Registrant's discretionary authority over their accounts. These limitations usually relate to the minimum equity or fixed income content of the Account, the percentage amount of the Account that may be committed to any one company or industry, the maximum percentage of outstanding securities of an issuer that may be purchased for the Account, and the purchase of foreign securities for the Account. In addition, guidelines employed by the Registrant in an effort to ensure equitable distribution of investment opportunities among all clients of the Registrant may occasionally serve to limit the participation of clients in a particular security.

In a non-discretionary relationship, the Registrant customarily makes periodic investment recommendations to the client involving securities or instruments to be bought or sold and the total amount of such purchases or sales. In adopting such recommendations, the clients may request that the Registrant, as an accommodation, place orders for the purchase or sale of the securities being recommended and the Registrant may either be given the right to determine the executing brokers or the client may direct such transactions to specified brokers. Clients in certain investment vehicles may also direct that certain service providers and/or counterparties be retained for such investment vehicle.

### **Item 17: Voting Client Securities**

Investments in Funds may not typically convey traditional voting rights, and the occurrence of corporate governance or other consent or voting matters for this type of investment is substantially less than that encountered in connection with registered equity securities. On occasion, however, an investor may receive notices or proposals from a Fund or other investment vehicle seeking the consent of or voting by holders (“proxies”).

The Registrant is required to describe its proxy voting policies and procedures and, upon the request of any client, to provide such person with (i) the actual policies and procedures and (ii) information about votes cast on behalf of any fund managed by the Registrant in which such person has made an investment. These policies and procedures: (i) address the Registrant’s overall policy to vote client proxies in the best interest of the investors in the funds managed by the Registrant and in a manner that maximizes the value of investments made by a fund; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies and (iii) describe the Registrant’s approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with a client’s investment professional that is responsible for the relevant portfolio investment. The investment professionals will vote proxies in a manner they believe to be consistent with the best interest of such clients and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in the Registrant’s offices. Investors in the Funds managed by the Registrant can obtain a copy of the relevant policies and procedures or information on how the Registrant voted proxies for any Fund in which an investor has an investment by contacting the Registrant c/o One Cabot Square, London, E14 4QR, United Kingdom.

In situations where clients retain the ability to vote proxies, they will receive their proxies or other solicitations directly from their custodian or transfer agent.



**Item 18: Financial Information**

Not applicable.