



Form ADV Part 2A: Firm Brochure

A&M Capital Advisors, LP

May 2018

Principal Office

A&M Capital Advisors, LP
289 Greenwich Ave, 2nd Floor
Greenwich, CT 06830
(203) 742-5880
www.a-mcapital.com

This brochure provides information about the qualifications and business practices of A&M Capital Advisors, LP (“A&M Capital”). Throughout this brochure the words “we”, “us” and “our” refer to A&M Capital. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Michael R. Bardorf at 203-742-5889 or email mbardorf@a-mcapital.com. Additional information about us is also available on the SEC’s website at: www.adviserinfo.sec.gov.

We are registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

We filed our initial application to register as an investment adviser with the SEC in February of 2013. Accordingly, pursuant to disclosure rules under the Advisers Act, this brochure has been compiled by us to provide new and prospective investors with clearly written, meaningful, current disclosure of our business practices, conflicts of interest and background of our advisory personnel. We encourage all recipients of this brochure to read it carefully in its entirety.

Material updates made to this brochure as of May 2018 include the following:

On April 30, 2018, (1) A&M Capital Advisors, LP, the sole managing member of A&M Capital Advisors, LLC, changed its name to A&M Capital Advisors (Parent), LP, (2) A&M Capital Advisors, LLC, a Delaware limited liability company, was converted into A&M Capital Advisors, LP, a Delaware limited partnership., and (3) A&M Capital Advisors (Parent), LP then merged with and into A&M Capital Advisors, LP with A&M Capital Advisors, LP surviving such merger.

Separately, Alvarez & Marsal Capital (Cayman), LLC was formed on April 19, 2018 as a Cayman Islands limited liability company, and Alvarez & Marsal Capital (Cayman), LP was formed on April 20, 2018 as a Cayman Islands exempted limited partnership.

Item 3: Table of Contents

Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	5
Item 6: Performance Based Fees and Side-by-Side Management.....	10
Item 7: Types of Clients	11
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9: Disciplinary Information.....	19
Item 10: Other Financial Industry Activities and Affiliations.....	20
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	22
Item 12: Brokerage Practices.....	29
Item 13: Review of Accounts	30
Item 14: Client Referrals and Other Compensation	31
Item 15: Custody	32
Item 16: Investment Discretion	33
Item 17: Voting Client Securities	34
Item 18: Financial Information.....	35

Item 4: Advisory Business

We are an indirect subsidiary of private companies controlled by Antonio C. Alvarez II and Bryan P. Marsal, and we operate under the Alvarez & Marsal Capital business line. We are a separately capitalized company that is associated with Alvarez & Marsal Holdings, LLC and its direct and indirect subsidiaries (collectively, “A&M”), an industry-leading global consulting firm. While we have existing relationships and utilize the services of certain entities affiliated with A&M, the day-to-day investment activities of A&M Capital are separate from A&M and are led by Alvarez & Marsal Capital professionals Michael Odrich and Jack McCarthy. Certain investment strategies also have other investment professionals participating, including (i) Paul Lattanzio for the North American growth capital opportunities investment strategy and (ii) Mark Kelly and Shepard Spink for the Western European buyout strategy. These individuals bring a wealth of investment, operational and financial expertise and experience to A&M Capital, and together with a number of other investment professionals, work to execute our investment strategy.

A&M Capital was established in 2009 and provides investment management services to private investment funds (the “Funds”) and employee securities companies (the “ESCs”) (the Funds and the ESCs are collectively referred to as the “Partnerships”). The Funds are exempt from registration under the Investment Company Act of 1940 (the “Investment Company Act”) and their securities are not registered under the Securities Act of 1933. The Partnerships are organized to primarily invest in both controlling and minority interests in middle-market companies with identifiable opportunities for operational improvements, business turnarounds and/or financial recapitalizations (“Portfolio Companies”). Our services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Partnerships, managing and monitoring performance of such investments, and disposing of such investments.

The ESCs are investment vehicles through which certain employees, members, officers, and independent contractors of A&M Capital, officers and employees of A&M Capital’s affiliates and/or their family members, certain business associates, or other persons close to us may invest. It is expected that the ESCs will invest proportionately in all Portfolio Companies on the basis of their available capital and on effectively the same terms and conditions as the Funds, subject to applicable legal, tax and/or regulatory considerations, and will share proportionately in expenses. The terms of the ESCs may differ from those of the Funds.

In providing services to the Partnerships, we manage the assets in accordance with the limited partnership agreements of such Partnerships, a separate investment management agreement, and/or side letters with investors (collectively, the “Governing Documents”). Investment advice is provided directly to the Partnerships and not individually to the limited partners of the Partnerships (the “Investors” or “Limited Partners”). Except as otherwise described in the Governing Documents, Limited Partners may not restrict investments by the Partnerships in any capacity, and except in limited circumstances, Limited Partners of the Partnerships are not permitted to withdraw prior to a Partnership’s dissolution. Investment restrictions for the Partnerships, if any, are generally established in the Governing Documents.

As of March 31, 2018 we managed \$1.2B billion of client assets, all of which is managed on a discretionary basis.

Item 5: Fees and Compensation

General

We typically receive compensation from fees based on a percentage of capital commitments to the Partnerships and/or assets under management, carried interest allocations and certain other fees or expenses related to transactions (see below). Investors should review all fees charged by us and others to fully understand the total amount of fees to be paid by the Partnerships and, indirectly, by their Limited Partners. Management fees are paid by the Partnerships on behalf of the Limited Partners by (i) requiring Limited Partners to make capital contributions in respect of such fees, or (ii) withholding the amount of such fees from investment proceeds that would otherwise be distributable to the Limited Partners. Investors are generally not permitted to withdraw from the Partnerships as outlined in the Governing Documents.¹

Management Fee

The Partnerships pay an annual management fee (the “Management Fee”) semi-annually in advance. The Management Fee is calculated as a percentage of committed capital during the commitment period and invested capital thereafter, in each case in accordance with the Governing Documents. We reserve the right to waive or reduce management fees for certain investors, including employees, our affiliates, advisors and consultants, and others as may be determined in our sole discretion.

Carried Interest Distributions

A portion of a Partnership’s net realized investment profit is distributed to its General Partner (with respect to the relevant Partnership, the “General Partner”) as “carried interest.” The manner of calculation of such carried interest is disclosed in the Governing Documents. Generally, however, 20% of the realized investment profits of the Partnerships are distributed as carried interest to such Partnerships’ General Partner with a preferred return to the Limited Partners of 8% per annum, subject to a giveback, as defined in the Governing Documents. As is the case with Management Fees, the General Partner reserves the right to waive or reduce carried interest for certain investors, including employees, affiliates, advisors and consultants, and others as may be determined in the General Partner’s sole discretion.

Other Fees Earned by Us

We, the General Partner and/or our affiliates may be entitled to receive from Portfolio Companies cash and non-cash fees in respect of (i) set-up or other origination fees in connection with the origination by the Partnerships, us or the General Partner of a Portfolio Company other than a follow-on investment, (ii) topping or breakup fees in connection with proposed but unconsummated Portfolio Companies, (iii) directors’ or monitoring fees paid by a Portfolio Company, (iv) commitment fees in connection with the Partnerships’ commitment to acquire a Portfolio Company, and (v) investment banking, advisory or consulting fees and any similar fees or compensation paid by a Portfolio Company. A percentage of these fees will be applied to reduce the management fee pursuant to the relevant Partnerships’ Governing Documents. As set forth in the applicable

¹ Investors generally may not withdraw any amount from the Partnerships, except that a non-voluntary withdrawal may be permitted to avoid a prohibited transaction under the Employee Retirement Income Security Act of 1974. In the event of a “non-voluntary withdrawal,” or other termination of the advisory agreement between us and the Partnership, we will refund all pre-paid fees that have not been earned.

Partnership's Governing Documents, such fees are typically subject to a 80% offset against the management fee.

Other Fees Earned by Affiliates

In addition, we have affiliates that may provide a broad range of pre- and post-acquisition and consulting services to companies in which the Partnerships invest, including performance improvement, corporate advisory, business consulting, transaction advisory, turnaround advisory and other related services and are paid for such services. None of these fees for any of the foregoing will be shared with the Partnerships. These fees may be substantial. Additionally, Portfolio Companies may reimburse us or our affiliates for expenses (including, without limitation, travel expenses, which may include expenses for chartered or first-class travel) incurred in connection with the performance of such services.

Other Expenses

To the extent provided in the Governing Documents, a Partnership will pay all other costs, fees and expenses of such Partnership's operations (other than certain expenses specified in the Governing Documents) which generally include, without limitation:

- (i) (A) all fees, costs and expenses, if any, incurred in developing, bidding on, evaluating, negotiating, structuring, obtaining regulatory approval for, making, trading, settling, monitoring, holding and disposing of actual portfolio investments, including, without limitation, any financing, legal, accounting, audit, due diligence, advisory, placement, consulting and other third party fees and travel, meal and accommodation expenses in connection therewith, costs of related information management and trading systems, deposits funded thereon, brokerage commissions, research and quotation service fees and expenses, custodial expenses, the costs of memberships and participation in industry associations and attending industry conferences and events within the scope of the Partnership's investment objective, costs of subscription or data services used in connection with making/monitoring investments, fees, costs and expenses of affiliate engagements and other investment costs and any other out-of-pocket amounts incurred with respect to such portfolio investments and employee referral awards, if any (to the extent not subject to any reimbursement of such costs, fees and expenses by Portfolio Companies or other third parties) and (B) all broken deal expenses (defined to include all fees, costs and expenses, if any, incurred (x) by or on behalf of the Partnership and any parallel fund, or any alternative vehicle in developing, conducting due diligence investigations into, negotiating, structuring and arranging financing for prospective or potential transactions which are not completed or (y) in connection with any co-investment opportunities offered by the General Partner that are not consummated, including, without limitation, any topping or break-up fees, any amounts payable to or by third parties, any travel, meal and accommodation expenses and all fees (including commitment fees), costs and expenses due, any legal, tax, financial, accounting, consulting, due diligence, bidding costs, advisory, lending, investment banking and other financing costs (including co-investment financing to the extent such costs and expenses are not borne by prospective co-investors) or other third-party expenses, any research and quotation service fees and expenses in connection therewith (including with respect to any advisory services provided by A&M in accordance with the Governing Documents) and any deposits or down payments of cash or other property that are forfeited in connection with, or amounts paid as a penalty for, unconsummated transactions), to the

extent not reimbursed by an entity in which the Partnership has invested or proposes to invest or by other third parties or capitalized as part of the acquisition of a transaction;

(ii) the out-of-pocket fees, costs and expenses incurred in connection with obtaining third-party financing in connection with a portfolio investment or a proposed portfolio investment that is not ultimately made, including, without limitation, commitment fees that are paid;

(iii) brokerage commissions, prime brokerage fees, custodial expenses, agent bank and other bank service fees and other investment costs, fees and expenses actually incurred in connection with making, holding or disposing of actual portfolio investments;

(iv) all fees, out-of-pocket costs and expenses of any accountants, auditors, counsel (including the cost of outside legal counsel in connection with attending Limited Partner advisory committee meetings), custodians, administrators, consultants (including operating executives, senior advisors and other consultants), depositaries, tax advisors, brokers, agents, valuation experts, data providers and other advisors and professionals and all ordinary out-of-pocket administrative expenses related to the operation, administration and liquidation of the Partnership, including, without limitation, audit and certification fees, the preparation, printing and distribution of reports, the holding of meetings of the Partnership and the costs of related information management systems;

(v) out-of-pocket fees, costs and expenses, if any, incurred in connection with offering and underwriting co-investment opportunities, including organizing and documenting co-investment vehicles, the formation of a consortium, incurring transaction costs, and/or any travel, meal and accommodation expenses in connection therewith, in each case to the extent such fees, costs and expenses have not been allocated to such parties,

(vi) interest on and fees and expenses arising out of all borrowings made by the Partnership, including, but not limited to, the arranging thereof;

(vii) the out-of-pocket expenses incurred in connection with complying with provisions in side letters entered into with Limited Partners, including “most favored nations” provisions;

(viii) the costs, fees and expenses of any litigation, Partnership, directors and officers liability, errors and omissions liability or other insurance (whether maintained by A&M, A&M Capital, the Partnership or their respective affiliates) and any indemnification (including any indemnification granted to and expense of any third-party placement agent or service provider engaged by the Partnership or its affiliates (including, for the avoidance of any doubt, any parallel funds, A&M Capital, the General Partner or their affiliates)) or extraordinary expense or liability relating to the affairs of the Partnership, such as expenses relating to the costs of any litigation, arbitration or other form of dispute resolution, of the Partnership, any parallel fund, intermediate entities, alternative vehicles or corporations, the General Partner, A&M Capital or any affiliate, director, manager, officer, employee, member, partner, shareholder, delegate, agent or contractor of any of them;

(ix) expenses of winding-up and liquidating the Partnership;

(x) expenses and fees related to facilities, support and back office services, including, without limitation, finance, investor relations and reporting, legal and information technology and the compensation and any costs and expenses related to performing audit and accounting services for the Partnership;

- (xi) any taxes (except as provided in the Governing Documents), fees or other governmental charges levied against the Partnership and all out-of-pocket expenses incurred in connection with any tax audit, investigation, settlement or review of the Partnership;
- (xii) to the extent not paid by a corporation, intermediate entity or the Limited Partners participating therein, its corporation expenses or intermediate entity expenses, as the case may be (which expenses shall be specially allocated to such Limited Partners with a direct or indirect interest in such corporation or intermediate entity, as the case may be, but shall be deemed to be paid by such corporation or intermediate entity, as the case may be, for all purposes hereof);
- (xiii) all out-of-pocket reporting and compliance fees, costs and expenses, if any, incurred in connection with legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation relating to the Partnership's activities (including, without limitation, expenses relating to the preparation and filing of Form PF, Form BE-13, reports to be filed in connection with the requirements of the U.S. Commodity Futures Trading Commission, reports, disclosures, filings and notifications prepared in accordance with the Foreign Account Tax Compliance Act or the European Union Alternative Investment Fund Managers Directive (the "Directive") and other regulatory filings of A&M Capital and its affiliates relating to the Partnership's activities);
- (xiv) any expenses related to the making of temporary investments;
- (xv) any expenses related to hedging transactions,
- (xvi) any expenses and costs incurred in connection with obtaining an independent or third-party valuation of portfolio investments or other assets;
- (xvii) any expenses related to collecting the General Partner's giveback amounts pursuant to the Governing Documents;
- (xviii) out-of-pocket costs and expenses of members of the Limited Partner advisory committee (including the fees and expenses of counsel and other advisers retained by the Limited Partner advisory committee to advise on a matter if the General Partner or A&M Capital has requested the Limited Partner advisory committee approve or take an action with respect to such matter);
- (xix) expenses of meetings of the Limited Partner advisory committee and of Limited Partners and limited partners of any parallel funds (including meetings pursuant to the Governing Documents and travel, meal and accommodation expenses incurred by personnel of the General Partner and/or A&M Capital in connection therewith), including the costs of any resolution passed by Limited Partners, and limited partners of any parallel funds, intermediate entities, alternative vehicles or corporations (excluding the costs of any time spent in relation to any such meeting) and entertainment and other costs of the annual meeting determined by the General Partner in good faith to be reasonable; and
- (xx) the fees, out-of-pocket costs and expenses of the members of any advisory boards, if applicable.

Travel and related expenses borne by the Partnerships include, without limitation, first class and/or business class airfare (and/or private charter, where appropriate), first class lodging, ground transportation, travel and premium meals (including, as applicable, closing dinners and mementos, cars and meals, and social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers). Travel and related expenses in connection with a trip taken by employees of A&M Capital and/or the General Partner for purposes

of multiple matters will be allocated by the General Partner at its discretion. To the extent we utilize the services of broker-dealers to place transactions, the Partnerships will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

As described above, we receive performance-based compensation in the form of “carried interest,” and the calculation is based on the profits generated on the sale or disposition of a Partnership’s assets. Such carried interest or incentive allocation based on investment profits may create an incentive for us to make investments on behalf of the Partnerships that are riskier or more speculative than would be the case in the absence of such amounts. We seek to address these conflicts through careful vetting of investment opportunities by our investment professionals, full disclosure of investments to Limited Partners by way of quarterly reports, as well as investment by a number of our investment professionals alongside the Partnerships, in an effort to align our interests with the Partnerships.

Item 7: Types of Clients

We currently provide investment supervisory services to the Funds and the ESCs. All Limited Partners are required to be “qualified purchasers” or employees who are deemed to be “knowledgeable employees” under the Investment Company Act, or otherwise be permitted to invest under applicable securities laws. All ESC Investors are required to be employees, members, officers, and/or independent contractors of A&M Capital, officers and/or employees of A&M Capital’ affiliates and/or their family members, certain business associates, or other persons close to us. Details concerning applicable Investor suitability criteria are set forth in the applicable Governing Documents and subscription materials, which are furnished to each Investor.

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

Our investment strategies are discussed in more detail below. The following descriptions are qualified in their entirety by reference to the Governing Documents of the Partnerships.

We seek to achieve capital appreciation primarily through investing in privately negotiated controlling or minority interests including equity and equity-oriented investments (such as preferred stock, debt securities purchased in connection with such equity and equity-oriented investments, or which have equity-like returns and bridge financings) in middle-market companies with identifiable opportunities for operational improvements, business turnarounds and/or financial recapitalizations. The Partnerships will focus on investment opportunities in North America, the United Kingdom and Europe, depending on the geographic focus with respect to any particular Partnership. The Partnerships may consider a broad range of industries and transactions, including, without limitation, management and leveraged buyouts, recapitalizations, privately negotiated control and minority investments, build-ups and consolidations, spin-offs, corporate divestitures and carve-outs. The Partnerships will not be limited in the industries or transaction types in which they may invest.

The investment decision making process is designed to maximize our ability to assess as many transactions as possible, while efficiently allocating time, effort and financial resources toward those transactions with the highest likelihood of a successful outcome. As such, the process places an emphasis on frequent, timely and efficient communication among members of the investment team with financial expenditures reserved for those deals we believe have a high likelihood of closing.

The steps of the investment process are:

1. Origination
2. Initial Screening
3. Active Review
4. Proposal - Detailed Internal Due Diligence
5. Execution - Detailed External Due Diligence
6. Investment Committee Meeting
7. Confirmatory Due Diligence and Closing
8. First 180 Days
9. Going Concern
10. Exit

We may modify any step of the investment process on a case-by-case basis as we deem in good faith is appropriate.

Investing in securities involves a substantial degree of risk. The Partnerships may lose all or a substantial portion of their investments and Investors in the Partnerships must be prepared to bear the risk of a complete loss of their investments. Investors should be aware that an investment in the Partnerships is speculative and involves a high degree of risk. The following is a summary of only certain considerations and is qualified in its entirety by the more detailed Governing Documents, which must be reviewed carefully.

No Assurance of Investment Return or Diversification. There can be no assurance that the Partnerships' objectives will be achieved or that an investor will receive any return on its investment in the Partnerships. Moreover, there can be no assurance that the Partnerships will be able to achieve their asset allocation targets and, as a result, may lack diversification. The Partnerships' performance may be volatile. An investment should only be considered by persons who can afford a loss of their entire investment. Past performance provides no assurance of future results.

Leverage. The Partnerships' investments are expected to include Portfolio Companies whose capital structures may have significant leverage. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of the Portfolio Companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the Portfolio Companies or its industry.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that the Partnerships will be able to locate, consummate and exit investments that satisfy the Partnerships' rate of return objectives or realize upon their values or that it will be able to invest fully their committed capital.

Reliance on Key Management Personnel. The success of the Partnerships will depend, in large part, upon the skill and expertise of the investment team. In the event of the death, disability or departure of any of such key persons, the business and the performance of the Partnerships may be adversely affected.

Lack of Liquidity. There is no organized secondary market for investors' interests in the Partnerships, and none is expected to develop. There are restrictions on withdrawal and transfer of interests in the Partnerships. Interests in the Partnerships are long-term and illiquid.

Material, Non-Public Information. As a result of the advisory, consulting and related activities of our affiliates, we may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Partnerships will not be free to act upon any such information. Due to these restrictions and relationships, the Partnerships may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

Information Sharing and Potential Conflicts of Interest. Although the Partnerships plan to leverage our restructuring and business consulting platform to help source, diligence and create value for the Partnerships' investments, there are conflict identification and information screening policies and procedures as well as certain legal and contractual constraints and business objectives that could significantly limit the Partnerships' ability to do so.

General Economic and Market Conditions. The success of the Partnerships' activities will be affected by general economic and market conditions, such as interest rates, availability of credit,

credit defaults, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances. Moreover, a recession, slowdown and/or sustained downturn in the U.S. or global economy or weakening of credit markets could adversely affect the Partnerships' profitability, impede the ability of the Partnerships' portfolio companies to make principal and interest payments on, or refinance, outstanding debt when due, and impair the Partnerships' ability to effectively exit investments on favorable terms. Economic downturns would reduce the availability of financing and any available financing would generally be on less favorable terms. In addition, any market turmoil, coupled with the threat of an economic slow-down, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to businesses generally, which in turn may adversely affect or restrict the ability of the Partnerships to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Partnerships, restrict the Partnerships' investment activities and/or impede the Partnerships' ability to effectively achieve their investment objectives.

Interest Rate Risk. General fluctuations in interest rates may adversely affect the value of the Partnerships' Portfolio Investments and/or increase the risks associated inherent in the Partnerships' Portfolio Investments. In the event that the Partnerships are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, the Partnerships may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned. Interest rate changes may also affect the value of a debt instrument directly (in the case of adjustable rate instruments) or indirectly (in the case of fixed rate instruments). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. To the extent that the U.S. Federal Reserve at some point in the future tightens the monetary supply and increases benchmark interest rates, it could be expected to negatively impact the price of debt securities and could adversely affect the value of the Partnerships' investments. In the event of payment default by portfolio companies, the Partnerships could lose both invested capital in and anticipated profits from the affected Portfolio Investment. Such a marketplace may impair the Partnerships' ability to consummate certain transactions or cause the Partnerships to enter into certain transactions on less attractive terms.

Uncertainty of Financial Projections. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic, political, regulatory and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Regulatory and Legal Risks. The Partnerships expect to make investments in a number of different industries, some of which are or may become subject to regulation by one or more U.S. federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of portfolio companies that operate in these industries. Whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, or what effect such legislation or regulation might

have, cannot be predicted. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Partnerships' investment performance.

The United Kingdom and Brexit. The United Kingdom ("UK") formally notified the European Council of its intention to leave the European Union ("EU") on 29 March 2017. Under the process for leaving the EU contemplated in article 50 of the Treaty on the European Union ("TEU"), the UK will remain a member state until a withdrawal agreement is entered into, or failing that, two years following the notification of the intention to leave, unless the European Council in agreement with the UK decides to extend this period. Under guidelines published by the European Council pursuant to article 50, the negotiations will be conducted broadly in two phases. The first phase is intended to ensure an orderly withdrawal from the EU. The second phase of negotiations will be directed toward a framework for a future relationship between the UK and the EU—although the future relationship can only be finalised once the UK becomes a third country. Assuming it will take two years to negotiate a withdrawal agreement and outline a framework for a future relationship, the UK will remain a member state subject to EU law with privileges to provide services under the single market directives until at least 29 March 2019. However, given the size and importance of the UK's economy, uncertainty or unpredictability about its legal, political and economic relationship with the EU may be a source of instability, create significant currency fluctuations, and/or otherwise adversely affect international markets, arrangements for trading or other existing cross-border co-operation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future including during negotiations and beyond the date of the UK's withdrawal from the EU. *For any business model that depends on the free movement of goods or the provision of cross-border services between the UK and the European Economic Area (as currently constituted), the outcome of negotiations on the future relationship has the potential to adversely affect profitability. A tariff on goods, the inability or restriction to provide cross-border services, changes in fiscal cooperation (withholding tax), restrictions on movements of employees, etc., all have the potential to materially impair the profitability of a business, require it to adapt or even relocate.* Uncertainty about the way in which the many and complex issues will be resolved (whether by agreement or through the absence of any agreement) could adversely affect the Partnerships, the performance of their investments and their ability to fulfil their investment objectives.

Cyber Security Breaches And Identity Theft. Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Each Partnership, its portfolio companies', and their service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications, or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes, and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete, or modify private and sensitive information, including nonpublic personal information and material nonpublic information. Although A&M Capital has implemented, and the Partnerships' portfolio companies and their service providers may implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to

adequately secure private information. A&M Capital does not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to A&M Capital, the Partnership and/or a portfolio company, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users, and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. A&M Capital, the Partnership, and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in A&M Capital's, the Partnership's, and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to Limited Partners (and their beneficial owners), material nonpublic information in possession of and the intellectual property and trade secrets and other sensitive information of A&M Capital and/or portfolio companies. Such a failure could harm A&M Capital's, the Partnership's and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims, regulatory action or enforcement arising out of applicable privacy or other laws and adverse publicity and otherwise affect their business and financial performance.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. Before making investments, the Partnerships will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved at any stage of the due diligence process to varying degrees depending on the type of investment. Such due diligence will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in the Partnerships as being speculative and having a high degree of risk.

Dependence on A&M Services. Although the General Partner expects to have access to A&M's resources, relationships and expertise, there can be no assurance that such resources, relationships and expertise will be available. There may be circumstances in which one or more individuals associated with A&M will be precluded from providing services to the Partnerships because of client relationships or certain confidential information available to those individuals or to other parts of A&M. In addition, there can be no guarantee that the companies in which the Partnerships invest are necessarily the same size or type of company that A&M typically advises, which could diminish the relevance of the Partnerships' access to A&M expertise. In connection with its business, A&M is subject to certain legal, regulatory and other compliance-related restrictions, including bankruptcy court restrictions and internal conflicts and other policies and procedures, and may be subject to additional such restrictions, policies and procedures in the future. As a result, the Partnerships' activities may be constrained under certain circumstances.

Investments in Less Established Companies; Risk of Fraud in Investee Companies. The Partnerships may invest in less established companies or companies which have been unaudited. Investments in middle market portfolio companies may involve greater risks than are generally associated with investments in larger companies. Less established companies tend to have lower

capitalizations and fewer resources, and therefore, are often more vulnerable to financial failure, which could result in the loss of some or all of a Partnership's entire investment in any such company. Less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. Small regional or family-owned businesses are generally privately held and there is less public information available with respect to such companies for the General Partner to base its investment decisions upon. There can be no assurance that A&M Capital, the General Partner, the Partnerships or outside advisors or consultants (including A&M) will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investments on an ongoing basis.

Additional Capital. Certain of the Partnerships' Portfolio Companies are expected to require additional financing to satisfy their working capital requirements or business development strategies. A Portfolio Company may have to raise additional capital at a price unfavorable to the existing investors, including the Partnerships. To the extent a Portfolio Company in which a Partnership has invested receives additional funding in subsequent financings and such Partnership does not participate in such additional financing rounds, the interests of such Partnership in such Portfolio Company would be diluted. The availability of capital is generally a function of capital market conditions that are beyond the control of the Partnerships or any Portfolio Company. There can be no assurance that the Partnerships will want to make follow-on investments or that there is sufficient funds or the ability to do so, including due to restrictions that may be contained in the Governing Documents or the General Partner's overall determinations regarding portfolio management. Any decision by the Partnerships not to make follow-on investments or the inability to make them or a Portfolio Company's inability to raise additional capital when needed (on favorable terms or otherwise) can have a substantial negative impact on Portfolio Companies in need of such an investment and/or additional capital and/or may diminish the Partnerships' ability to influence the Portfolio Company's future development. The failure to successfully raise additional capital for a Portfolio Company may result in the complete write-off of the investment therein.

Co-Investment Risk. The Partnerships may co-invest together, with third parties through joint ventures, Investors or other entities ("Co-Investors"). Such investments may involve risks not present in investments where a Co-Investor is not involved, including the possibility that a Co-Investor may at any time have economic or business interests or goals which are inconsistent with those of the Partnerships, or may be in a position to take action contrary to the Partnerships' investment objectives. In addition, there may be a limited amount of interests available for investing. Thus the Partnerships may receive a limited offering due to the Co-Investors investing with the Partnerships.

Hedging Policies / Risks. The Partnerships may, but are not required to, employ hedging techniques in connection with the acquisition, holding, financing, refinancing or disposition of any Portfolio Investments and portfolio companies themselves may also utilize hedging techniques designed to reduce certain risks, including, among others, adverse movements in interest rates, securities prices and currency exchange rates. Such transactions themselves may entail additional risks, such as counterparty default, bankruptcy or insolvency, convergence and other risks all related with derivative instruments. Unanticipated changes in interest rates, securities prices, commodity prices, currency exchange rates and/or other events relating to such hedging transactions may result in a poorer overall performance for

the Partnerships than if they or their portfolio companies had not entered into such hedging transactions. There can be no assurance that any risk management procedure will be effective in reducing risks associated with the use of hedging techniques. Hedging transactions, if entered into, may not eliminate the Partnerships' exposure to the risks hedged.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither we nor any of our officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

We are a separately capitalized company that is closely associated with Alvarez & Marsal Holdings, LLC (“A&M”), an industry-leading corporate advisory firm. We have relationships and utilize the services of certain entities affiliated with A&M. The particular services involved depends on the types of services offered by the affiliated company. Affiliated companies are engaged on an arms-length basis for services it provides us, the Partnerships and our Portfolio Companies. In addition, we have and expect to negotiate on behalf of the Partnerships attractive preferred rates for certain services offered by our affiliated companies. Services provided by affiliated companies may include, without limitation, transaction due diligence, the implementation of performance improvement plans, interim management, exit support, and other specialized advisory services. A conflicts committee has been established to approve such arrangement with our affiliates unless otherwise presented to the Fund’s Limited Partner advisory committee.

Due to the number of companies under common control with A&M, we have not identified all companies below. However, we maintain a supplementary list of the affiliated companies we may engage along with the services they offer. A copy of the list will be provided upon request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Broker Dealer

Alvarez & Marsal Securities, LLC (“A&M Securities”) is a broker-dealer registered with FINRA, and provides specialized advisory services to companies involving mergers & acquisitions, securities offerings, restructurings, debt and equity transactions and other management services. We may utilize the services of A&M Securities and to the extent such service are utilized, A&M Securities will generally receive remuneration from the Partnerships or Portfolio Companies.

Pooled Investment Vehicles

We or our affiliates organize and sponsor the Funds, which are private investment companies. The pooled investment vehicles managed by us are controlled by an affiliated General Partner entity. We or the General Partner of the Funds will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds’ investment activities. While the General Partner of the Funds is not separately registered as an investment adviser with the SEC, all of its investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the General Partner of the Funds are subject to the supervision and control of A&M Capital. Thus, the General Partner of the Fund, all of its employees and the persons acting on its behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the General Partner of the Funds.

Employee Securities Company

We have established ESCs through which certain eligible employees, members, officers, and independent contractors of A&M Capital, officers and employees of our affiliates and/or their family members, certain business associates, or other persons close to the firm may invest alongside the Funds. The ESCs generally are contractually required, as a condition of investment, to purchase and exit their investments in each investment opportunity at substantially the same time, and on substantially the same terms, as the Funds.

Co-Investment Opportunities

On occasion, we may form co-investment vehicles to invest alongside the Partnerships in Portfolio Companies where the Partnerships will make or have made an investment. Typically, co-investment vehicles will be allocated a pro-rata share (relative to capital invested) of transaction fees, portfolio monitoring fees, management fees and similar payments from Portfolio Companies. With respect to certain co-investments, to the extent agreed upon by co-investors, we may retain relevant transaction fees or portfolio monitoring fees, earn carried interest and receive a management fee that will not reduce the compensation paid to us by the Partnerships. Co-investment opportunities are offered at our discretion.

Anchor Investor Relationships

We maintain a strategic relationship with New York Life Insurance Company and GoldPoint Partners LLC (formerly New York Life Capital Partners) (together with its affiliates, “NYL”). NYL has provided a significant capital commitment to the Funds. The relationship entitles NYL to certain rights related to the Funds, including, economic participation in the carried interest of the Funds (and similar rights for serving as an anchor investor in future funds). Under certain circumstances, NYL may also receive a discount on management fees paid, as well as a priority right to submit a proposal to provide mezzanine financing for Portfolio Companies. NYL, along with other anchor investors participating in the Fund’s initial closings, have entered into side letters containing various other rights. Neither NYL nor any other investor will be involved in the day-to-day operations of A&M Capital nor do they have authority to direct the operations of the Funds.

Other Affiliations

Alvarez & Marsal Holdings, LLC is a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services. A&M and its affiliates deliver specialist operational, consulting and industry expertise to management and investors seeking to accelerate performance, overcome challenges and maximize value across the corporate and investment lifecycles. We work closely with A&M and proactively utilize, as appropriate, the extensive resources of the A&M global network at key stages of the investment process to source, diligence, execute, manage and exit investment opportunities. To the extent such services are utilized, A&M or its affiliates generally receive remuneration from the Partnerships or Portfolio Companies. Also, in order to help maximize the potential deal flow through A&M’s professionals and broader network, the Partnerships have established an employee referral plan to encourage A&M partners and employees to assist in the referral of appropriate investment opportunities for the Partnerships. Participation in the program is open to A&M employees, regardless of their title or position within A&M. Such incentive compensation may be awarded in the form of cash or equity or equity-like participations in such companies. In each case, awards under this program will be made only to the extent permitted by law, and will not exceed 1% of the Partnerships’ invested equity with respect to each investment.

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

Code of Ethics

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a written Code of Ethics (the “Code”) predicated on the principal that we owe a fiduciary duty to the Partnerships and their Investors. The Code establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations.

We generally prohibit the purchase or sale of securities that are held by the Partnerships, require pre-clearance before purchasing an IPO or limited offering (i.e., private placement), require periodic reporting of personal securities transactions and all holdings, and require prompt internal reporting of Code violations. A copy of our Code is available upon request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Participation or Interest in Client Transactions

We, our employees, and/or the General Partner of the Partnerships will make a capital commitment either directly to each Partnership or indirectly through a co-investment vehicle. The purpose of this commitment is to align our interests with the Limited Partners of the Partnerships. Generally, investments and disposals are made on substantially the same terms and conditions as the Partnerships. Details regarding the commitment for each Partnership can be found in the Governing Documents.

Side Letters

In addition, the Fund may enter into separate agreements, commonly referred to as “side letters”, with certain Investors, to waive certain terms, or allow such Investors to invest on different terms than those specifically described in the Governing Documents. Under certain circumstances, these agreements could create preferences or priorities for such Investors with respect to other Investors.

Potential Conflicts of Interest

There may be occasions when the sponsor, the general partner and/or the advisor to the Partnerships and their respective affiliates will encounter potential conflicts of interest in connection with the Partnerships’ activities including, without limitation, the diverse interests of the Partnerships’ limited partner group, the activities of A&M and key fund personnel, the allocation of investment opportunities and conflicting fiduciary duties. There may be acquisition, restructuring and/or disposition opportunities that the Partnerships cannot take advantage of and the Partnerships may be prevented from accessing certain resources of A&M that it would otherwise seek to access because of such conflicts. Investors should be aware that conflicts will not necessarily be resolved in favor of the Partnership’s interests. The following is a summary of only certain considerations and is qualified in its entirety by the more detailed Confidential Private Placement Memorandum of the applicable Partnership, which must be reviewed carefully.

No Assurance of Ability to Participate in Investment Opportunities; Relationship with A&M.

A&M, A&M Capital and their affiliates may form and/or advise other investment vehicles, accounts and clients having objectives similar, in whole or in part, to those of the Partnerships. Except as provided in the Governing Documents, the Partnerships will not have any rights to investment opportunities in relation to such other vehicles or accounts. A&M, A&M Capital and their affiliates

may also furnish similar management, advisory and/or consulting services to certain separate accounts or make investments for their own accounts. Accordingly, not all amounts available to the Partnerships relating to an investment will be presented to the Partnerships.

Advisory and Consulting Client Relationships. A&M may come into possession of information that limits the Partnerships' ability to engage in potential transactions. The Partnerships' activities may be constrained as a result of the General Partner's inability to use such information. In certain situations in which A&M currently has or previously had an advisory or consulting engagement involving the sale of all or a portion of the underlying company or its assets, the company may permit the Partnerships to act as a bidder or ultimate purchaser with respect to such transaction, which would raise certain conflicts of interest inherent in such a situation. A&M advises leveraged buy-out and other private equity funds with investment objectives similar to or the same as those of the Partnerships and strategic buyers, both of which may be in a position to compete with the Partnerships for an investment opportunity. There can be no assurance that suitable investment opportunities which come to the attention of A&M will be made available to the Partnerships. A&M is under no obligation to make any opportunity available to the Partnership. The Partnerships may co-invest with clients or potential clients of A&M in particular investment opportunities and the relationship with such clients could influence the decisions made by the General Partner and A&M Capital with respect to such investments.

Material, Non-Public Information. A&M may acquire confidential or material non-public information and therefore be restricted from initiating transactions in certain securities. The Partnerships may not be provided access to or otherwise receive material non-public information in the possession of A&M which might be relevant to an investment decision to be made by the Partnerships, and the Partnerships may initiate a transaction or sell a portfolio investment which, if such information had been known to it, may not have been undertaken. In the event any material, non-public information is disclosed to the General Partner or A&M Capital, the Partnerships may be prohibited by applicable securities laws and A&M's and/or A&M Capital's internal policies from acting upon any such information including effecting any transaction that otherwise would have been effected if such information had not been disclosed to A&M Capital or the General Partner.

Fees Payable to A&M. A&M may provide a broad range of pre- and post-acquisition advisory and consulting services to companies in which the Partnerships invest and A&M generally will be paid fees for such services. None of A&M's fees for any of the foregoing will be shared with the Partnerships and the Limited Partners will not receive the benefit of fees or other compensation received by A&M in connection with the provision of services by A&M to the Partnerships or third parties. While the General Partner intends that any services provided by A&M to the Partnerships or to companies in which the Partnerships invest will be on market rates determined by the General Partner in good faith, such compensation will not be determined through arms-length negotiation and the General Partner will not guarantee the performance of any such services or such terms. The fee potential, both current and future, inherent in a particular investment or transaction could be viewed as an incentive for A&M to seek to provide services to the Partnerships or to refer or recommend an investment or transaction to the Partnerships. Moreover, Jack D. McCarthy, Jr. maintains certain passive economic interests in A&M arising from his historical relationship with its advisory business and from time to time in the future, Mr. McCarthy and other persons involved with the Partnerships or the General Partners may be granted additional equity interests in A&M. In addition, Antonio C. Alvarez II and Bryan P. Marsal will indirectly hold a controlling interest in

the General Partners and A&M Capital and persons involved with A&M's advisory business may be granted direct or indirect equity interests in the General Partners or A&M Capital. These relationships could be viewed as an incentive for the General Partners and/or their affiliates to utilize the services of A&M in connection with the Partnerships' activities as opposed to other third-party service providers, or to otherwise influence the investment activities of the Partnership. Moreover, the Partnership regards A&M as a preferred service provider in light of the close association of A&M Capital and the Partnerships' professionals to A&M and its personnel, the affiliation of the organization and the perception and belief by A&M Capital and the Partnerships that A&M is a market-leading service provider. Accordingly, the opportunity for A&M to earn fees in respect of the Partnerships or their Portfolio Companies may give rise to actual or potential conflicts of interest. Any management fees or carried interest payable by Limited Partners shall not be reduced by any portion of A&M's fees.

Other Affiliate Transactions. The Partnerships may engage in transactions with their affiliates. Conflicts of interest may arise in connection with any co-investment or other affiliate transactions. Conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. There can be no assurance that the return on the Partnerships' investment will be equivalent to or better than the returns obtained by the other affiliates participating in the transaction.

Other Responsibilities and Relationships of the Investment Team and Other Persons; Other A&M Activities; Use of A&M Resources. A&M Capital personnel are not dedicated exclusively to the Partnerships and will have other responsibilities for A&M and A&M Capital and outside of A&M and A&M Capital. Conflicts of interest may arise in allocating management time, services or functions, and A&M Capital's ability to access other professionals, resources and investment opportunities within or through A&M for the benefit of the Partnerships may be limited. In addition, such access may be limited by the internal compliance policies of A&M and A&M Capital or other legal or business considerations. Both the General Partner and A&M Capital are affiliated through certain common ownership with A&M, and material actions of the General Partner and A&M Capital will be made by (or require the consent of) Alvarez & Marsal, Inc., an affiliate of both A&M and A&M Capital that is controlled by Messrs. Alvarez and Marsal, including, without limitation, decisions with respect to removal and replacement of the personnel of the General Partner and A&M Capital.

Investments Alongside Other A&M Capital Funds. A Partnership may also co-invest with other funds, vehicles or accounts managed by A&M Capital in investments that are suitable for both such Partnership and such other funds, vehicles or accounts. As a result of legal, tax, regulatory, accounting or other considerations, the terms of an investment (including with respect to price and timing) for a Partnership and/or such other funds, vehicles or accounts may not be the same. Additionally, a Partnership and/or such other A&M Capital funds, vehicles or accounts may have different expected termination dates and/or investment objectives and A&M Capital, as a result, may have conflicting goals and fiduciary duties with respect to the price and timing of further investment, disposition or restructuring opportunities.

Co-Investment Allocations. Pursuant to the terms of the Partnerships' Governing Documents, the General Partner may in its sole discretion make available the opportunity to invest alongside a Partnership to certain Limited Partners and/or third parties, and certain co-investors may receive

favorable terms and/or priority arrangements with respect to their participation in co-investment opportunities and the terms thereof, and fees attributable to any such co-investments received by A&M Capital and/or its affiliates will generally not be shared with the Limited Partners. The allocation of co-investment opportunities may not be in the best interest of the Partnerships or any individual Limited Partner. Investments with third party co-investors will involve additional risks which may not be present in investments which do not involve a third party co-investor, including the possibility that a third party co-investor may at any time have economic or business interests or goals that are not consistent with those of the Partnerships, may be in a position to take action contrary to the Partnerships' investment objectives or may default on its obligations. There can be no assurance that the Partnerships will be successful in mitigating these risks contractually through co-investment agreements. Transaction-specific returns, and a Limited Partner's overall returns from its exposure to a Partnership's portfolio companies, may be affected significantly by the extent to which Limited Partners are offered and choose to participate in co-investment opportunities. The allocation of co-investment opportunities may involve a benefit to A&M Capital including, without limitation, capital commitments to the Partnership or other A&M Capital products, or fees or carried interest from the co-investment opportunity. There can be no assurances with respect to the amount of any investment opportunity that will be allocated to the Partnership.

Valuation Matters. The fair value of all portfolio investments will be determined by the General Partner pursuant to guidelines prepared in accordance with generally accepted accounting principles and reviewed by the Partnerships' independent accountants. Accordingly, the carrying value of a portfolio investment may not reflect the price at which the investment could be sold in the market, and the difference between carrying value and the ultimate sales price could be material.

Concentration of Voting by Limited Partners and Limited Partner Advisory Committee. The Limited Partners, including limited partners of any parallel funds, generally vote on all matters that require a vote of the Limited Partners in a Partnership's Governing Documents on a combined basis and based on capital commitments. Actions by relatively large investors could affect the outcome of votes submitted to the Limited Partners. In particular, NYL and other anchor investors individually, or together with each other or one or more of a small group of Limited Partners may hold at least a majority in interest of the capital commitments of a Partnership or control the vote of the Limited Partner advisory committee. Voting rights may continue to be controlled or influenced by one or a relatively small group of investors throughout the life of the Partnerships. Such investors may have business and other relationships with A&M Capital and/or its personnel that may influence their voting on any matter and present conflicts of interest. Furthermore, NYL and other investors may be motivated in voting on conflicts matters involved in such transactions by their economic interest shareholding in A&M Capital and/or its affiliates more so than by their interest as a Limited Partner. The presence of these other relationships may influence their decisions as members of the Limited Partner advisory committee or as Limited Partners.

Diverse Limited Partner Group. The Limited Partners may have conflicting investment, tax, regulatory and other interests with respect to their investments in the Partnerships. Conflicts of interest may arise in connection with decisions made by the General Partner or A&M Capital that may be more beneficial for one investor than for another investor. In selecting, structuring and managing investments appropriate for the Partnerships, the General Partner and A&M Capital will generally consider the investment and tax objectives of the Partnerships and their partners (and those investors in other investment vehicles managed or advised by the General Partner and A&M

Capital) as a whole, and not the investment, tax or other objectives of any Limited Partner individually.

Service Providers. Certain advisors and other service providers, or their affiliates, (including, but not limited to, accountants, administrators, lenders, bankers, brokers, attorneys, consultants, investment or commercial banking firms and certain other advisors and agents) to the Partnerships, A&M Capital or the Portfolio Companies may also provide goods or services to or have business, personal, political, financial or other relationships with A&M and A&M Capital. Such advisors and service providers may be investors in the Partnerships, members of the Limited Partner advisory committee, affiliates of the General Partner, sources of investment opportunities or co-investors or counterparties therewith. In addition, the officers, directors, members, managers and other senior employees of A&M, A&M Capital, the General Partner or their respective affiliates will have interests (including financial interests) in such service providers (including, for example, Vanbridge Holdings Ltd., a specialty insurance business that is expected to provide services to the Partnerships and Portfolio Companies, and in which such persons own minority equity interests; and a private aircraft charter company in which senior members of A&M Capital have ownership interests, which may be used for air travel in connection with the Partnerships). These relationships may influence the General Partner in deciding whether to select or recommend such a service provider to perform services for the Partnerships or a Portfolio Company (the cost of which will generally be borne directly or indirectly by the Partnership or such Portfolio Company, as applicable). In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to A&M Capital, the General Partner or their affiliates as compared to services provided to the Partnerships and their Portfolio Companies, which may result in more favorable rates or arrangements than those payable by the Partnerships or such Portfolio Companies.

Capital Calls and Use of Subscription Lines and Asset-Backed Facilities. For administrative convenience, capital calls, including those used to pay interest on subscription lines, asset-back facilities and other indebtedness, may from time to time be “batched” together into larger, less frequent capital calls or closings, with the Partnerships’ interim capital needs being satisfied by the Partnerships borrowing money from credit facilities. As a general matter, use of leverage in lieu of drawing down capital commitments can amplify returns (either negatively or positively) to Limited Partners, may lower cash returns while enhancing internal rates of return, and may positively impact the distributions of carried interest for the General Partner. This will present conflicts of interest as a result of certain factors, including the interest rate on such borrowings typically being less than the rate of the preferred return and that such preferred return does not accrue on such borrowings, and only accrues on capital contributions when made. The General Partner has an incentive, and may, permanently fund the acquisition and ongoing capital needs of portfolio investments and the Partnerships with the proceeds of such borrowings in lieu of drawing down capital commitments. Use of such long-term leverage arrangements with respect to portfolio investments may reduce or eliminate the preferred return received by the Limited Partners and accelerate or increase distributions of carried interest to the General Partner, providing the General Partner with an economic incentive to fund investments through long-term borrowings in lieu of capital contributions. Calculations of net and gross IRRs are based on the payment date of capital contributions received from Limited Partners. Use of a subscription-based credit facility will impact calculation of returns and will result in a higher or lower reported IRR than if the facility had not

been utilized and instead such Limited Partners' capital had been contributed at the inception of an investment.

Other Activities and Relationships. The investment professionals involved with the Partnerships and their affiliates may serve as members of the boards of directors of various companies and participate in other activities outside of A&M and A&M Capital. The possibility exists that the companies with which one or more of such persons is involved could engage in transactions that would be suitable for a Partnership, but in which such Partnership might be unable to invest. With respect to any persons who serve as directors of a portfolio company, such individuals, in their capacity as directors, will generally be required to make decisions that they consider to be in the best interests of the portfolio company. There may be conflicts of interests between such person's duties with respect to the General Partner and such person's duties as a director of the portfolio company.

Carried Interest; Employee Referral Plan. The existence of the General Partner's carried interest and the Partnerships' employee referral plan could be viewed as an incentive for the General Partner and the participants in such plan, respectively, to make or recommend riskier or more speculative investments for the Partnerships than would be the case in the absence of these arrangements. The manner in which the General Partner's entitlement to carried interest is determined may result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of disposals of investments.

Allocation of Expenses. A&M Capital and its affiliates from time to time incur fees, costs, and expenses on behalf of one or more Partnerships. If any operating expenses are incurred for the account or for the benefit of more than one Partnership, A&M Capital will allocate such operating expenses among the Partnerships in such manner as A&M Capital considers fair and reasonable. Notwithstanding the foregoing, A&M Capital may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

Insurance. A&M Capital will cause a Partnership to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for, insurance to insure A&M Capital, the General Partner, and/or their respective directors, officers, employees, agents, representatives, members of the Limited Partner advisory committee and other indemnified parties, against liability in connection with the activities of A&M Capital. This includes a portion of any premiums, fees, costs and expenses for one or more "umbrella" or other insurance policies maintained by A&M Capital that cover the Partnerships, the General Partner, and/or A&M Capital (including their respective directors, officers, employees, agents, representatives, members of the Limited Partner advisory committee and other indemnified parties). A&M Capital will make judgments about the allocation of premiums, fees, costs and expenses for such "umbrella" or other insurance policies among the Partnerships, the General Partner, and/or A&M Capital on a fair and reasonable basis, in its sole discretion, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Partnerships bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Litigation. It is likely that many of the investments in which a Partnership may invest may involve various types of restructurings, foreclosures or other proceedings, which can be contentious and

adversarial. It is by no-means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. A&M Capital, the General Partner, the Partnerships and one or more of their respective affiliates may be named as defendants in civil proceedings. Furthermore, the adoption of new or enhancement of existing laws and regulations may increase the risk of litigation to a Partnership. Any such litigation would likely have a negative financial impact on A&M Capital and/or the Partnerships. For instance, the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Partnerships and would reduce the Partnerships' net assets.

Indemnification. The Partnerships will indemnify and hold harmless A&M Capital, the General Partner, their affiliates (including A&M and Alvarez & Marsal Inc.) and their respective direct or indirect officers, employees, directors, agents, stockholders, members and partners, and may indemnify other persons, from and against liabilities arising in connection with the Partnerships, including any liabilities arising out of litigation. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. The indemnification obligations of the Partnerships would be payable from assets of such Partnerships, including the unpaid capital commitments of the Limited Partners. The General Partner may recall distributions previously made to the Limited Partners, subject to certain limitations set forth in the Governing Documents to satisfy indemnity obligations.

Item 12: Brokerage Practices

We focus on making investments in private securities, thus we typically do not engage in traditional brokerage transactions, utilize any soft dollar relationships with any broker, nor permit investors to stipulate the direction of brokerage. To the limited extent we transact in public securities, we intend to select brokers based upon the broker's ability to provide best execution for the Partnerships. We are generally authorized to make the following determinations, subject to the Partnerships' investment objectives and restrictions: (i) which securities or other instruments to buy or sell; (ii) the total amount of securities or other instruments to buy or sell; (iii) the executing broker or dealer for any transaction; and (iv) the commission rates or commission equivalents charged for transactions. Also, as a private equity fund manager we do not aggregate the purchase or sale of securities across the Partnerships.

Item 13: Review of Accounts

All investments are carefully reviewed and approved by our investment committees. The Portfolio Companies are reviewed on a continuous basis and the investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Each Limited Partner will receive the following reports in accordance with the terms of the applicable Governing Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements together with investment information on investments by the Partnerships; and (iii) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

During a fundraising cycle for a Partnership, we may compensate placement agents who introduce new investors that commit capital. The amount paid to placement agents ranges up to 3.50% of the capital raised, and all placement fees will be fully disclosed to investors referred by placement agents. In the event a Partnership pays a placement fee to a placement agent, our Management Fee will be reduced by that amount. Investors working with a placement agent should be aware of the inherent conflicts of interest when working with placement agents. Placement agents may refer potential investors to funds that pay a higher referral fee.

Item 15: Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however we have access to client accounts since an affiliate serves as the General Partner of each Partnership. The Partnerships are audited on an annual basis in accordance with generally accepted accounting principles (GAAP) and the financial statements are distributed to each Limited Partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Partnership's fiscal year end. Limited Partners should carefully review these statements, and should compare these statements to any account information provided by us.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Documents, and subject to the direction and control of the General Partner of each Partnership, we generally have discretionary authority to determine, without obtaining specific consent from the Partnerships or their Limited Partners, the securities and the amounts to be bought or sold on behalf of the Partnerships, and to perform the day-to-day investment operations of the Partnerships.

Item 17: Voting Client Securities

In accordance with our fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, we have adopted and implemented written policies and procedures governing the voting of client securities. All proxies that we receive will be treated in accordance with these policies and procedures. A copy of our written proxy voting policies and procedures, as well as a record of how we have voted in the past, will be maintained and available for review upon written request by contacting our Chief Compliance Officer at 203-742-5889 or email mbardorf@a-mcapital.com.

Partnerships are primarily invested in privately-held Portfolio Companies which typically do not issue proxies; therefore, the traditional concept of voting of proxies and participation in class actions is not currently applicable to us. The investment opportunities that we seek allows the Partnerships to have influence on the management, operations and strategic direction of the Portfolio Companies in which they invest, through a majority interest and/or through the employees who sit as officers and directors on Portfolio Companies boards. The exercise of control and/or significant influence over Portfolio Companies imposes additional risks of liability for product defects, environmental damage, failure to supervise management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over Portfolio Companies could also expose the assets of the Partnerships to claims by such Portfolio Companies, their security holders and their creditors. While we intend to manage the Partnerships in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

We will seek to avoid material conflicts of interest between our own interests on the one hand, and the interests of the Partnerships on the other. However, as is typical with private equity investing, we seek and accept the election of one or more of our representatives to serve on the board of directors on behalf of the Partnerships and will typically, but not always, vote in favor of board recommendations. In the event we are faced with a material conflict of interest, we may defer to the voting recommendation of our conflicts committee and consult with a Partnership's Limited Partner advisory committee.

Item 18: Financial Information

We are not required to file a balance sheet since we do not collect more than \$1,200 in fees and six months or more in advance. In addition, there is no known financial condition that is reasonably likely to impair our ability to meet contractual commitments, and we have not been the subject of a bankruptcy proceeding.