

Apollo Value Management, L.P.

FORM ADV

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This brochure provides information about the qualifications and business practices of Apollo Value Management, L.P. (“AVM”). If you have any questions about the contents of this brochure, please contact us at (212) 515-3200. 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 AVM also is available on the SEC’s website at www.advisorinfo.sec.gov.

AVM is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

ITEM 2
Material Changes

AVM is completing the amended Part 2A of Form ADV for the first time, and, as such, this Item 2 is not applicable.

ITEM 3
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ITEM 4

Advisory Business

Apollo Global Management, LLC (“Apollo”) is a leading global alternative asset manager. AVM is an indirect subsidiary of Apollo that serves as the investment manager of Apollo Value Investment Master Fund, L.P. together with its feeder funds, Apollo Value Investment Fund, L.P. and Apollo Value Investment Offshore Fund, Ltd. (the “Value Fund”). The Value Fund is a private investment fund that generally invests in a diversified portfolio of bank debt, high yield debt and preferred stock by investing in portfolio companies in a broad range of industries. In the future, AVM may provide investment advisory services to other private investment funds, managed accounts, and other investment in vehicles (together with the Value Fund, the “Clients”).

AVM generally provides investment management services to pooled investment vehicles, such as the Value Fund.

In connection with providing investment management services to Clients, AVM is appointed as investment manager to the Clients and the advisory relationship is governed by an investment management agreement between the relevant Client and AVM.

AVM generally seeks to make investments on behalf of Clients in the securities and obligations of companies generating significant cash flow that have market-leading positions, substantial asset values, and strong management teams. AVM expects to acquire investments on behalf of Clients prior to or during a restructuring, and expects to ultimately realize value at the maturity of the debt security it purchases or sell its investments when the financial results of the company rebound and/or the securities subsequently recover in value, or upon a successful reorganization.

AVM generally seeks to make investments on behalf of Clients in senior bank debt, high yield debt, trade claims and preferred stock trading at low to medium discounts from par value which offer opportunities for attractive returns with less risk than investments in highly subordinated, more speculative claims trading at pennies on the dollar. Clients’ investment portfolios may also be comprised of bank loans, public and private corporate bonds and trade claims. Clients will also invest in public and private corporate debt securities and may include securities with zero-coupon or pay-in-kind interest payment terms. Clients may also invest in trade claims, which are interests in claims of trade creditors and other general unsecured claim holders.

Apollo has full discretionary authority with respect to the investment decisions of its Clients; however, its advice is provided in accordance with the investment objectives and guidelines set forth in each Client’s offering memoranda and constituent documents.

The investments of certain Clients may be subject to certain diversification and geographic limitations as set forth in the constituent documents of such Clients. Further, AVM may enter into side letters with certain investors in such Clients which impose further restrictions on investing in certain types of securities, countries, geographies or businesses with respect to such investors.

AVM manages \$765,180,000 of client assets on a discretionary basis and \$0.00 of client assets on a non-discretionary basis as of December 31, 2010.

ITEM 5

Fees and Compensation

AVM is entitled to receive from the Value Fund a management fee at a quarterly rate equal to a percentage of the net asset value of the capital account balance of each limited partner (without accrual of any unearned performance allocation) (the “Management Fee”). Management Fees will be calculated and payable by the Value Fund quarterly in advance as of the beginning of each calendar quarter. Capital contributions accepted after the commencement of a calendar quarter will be subject to a pro rated Management Fee reflecting the time remaining during the quarter.

In addition, the general partner of the Value Fund is entitled to an annual performance allocation (the “Performance Allocation”) which is calculated and charged separately with respect to each limited partner, equal to a percentage of the amount by which the net profits allocated to the limited partner’s capital account (after deduction of all expenses, including quarterly Management Fees) for the current calendar year exceed the limited partner’s “Loss Carryforward Amount” for the current calendar year. A limited partner’s “Loss Carryforward Amount” for any year is the net loss, if any, allocated to the limited partner’s capital account for any earlier calendar year that has not been recovered out of a subsequent allocation of net profit on which no Performance Allocation was charged. The Performance Allocation will be effected consistent with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and Rule 205-3 thereunder.

Management Fees and Performance Allocations payable by Clients are not generally negotiated, although AVM may negotiate fees with certain limited partners in the Value Fund for co-investment opportunities outside of the Value Fund. With respect to private investment funds that AVM may raise in the future, certain limited partners may seek to negotiate terms (including fees payable to AVM or its affiliates) through the negotiation of the limited partnership agreement or through side letters.

In the case of certain Clients, the applicable general partner and/or AVM have the unilateral discretion to waive or modify the application of certain provisions of the constitutional documents for each Client with respect to an investor in such Client (including those related to fees, performance allocations, transparency, and withdrawals) without obtaining the consent of any other investor. The applicable general partner and AVM generally waive all fees and performance allocations from Apollo principals and employees of AVM and its affiliates, as well as for family members.

The limited partnership agreement of the Value Fund generally provides that the general partner may allocate capital from the capital accounts of limited partners to pay Management Fees and the Performance Allocation to AVM and/or the general partner.

The Value Fund will bear all costs and expenses directly related to portfolio investments or prospective investments (whether or not consummated), such as brokerage commissions, interest on debit balances or borrowings, fees and profit-sharing payments due to unaffiliated advisors, sub-advisors, consultants and finders (which do not offset the Management Fee or Performance Allocation), specific expenses incurred in obtaining systems, research and other information utilized with respect to the Value Fund's investment program and any withholding or transfer taxes imposed on the Value Fund. The Value Fund will also bear all out-of-pocket costs of the administration of the Value Fund, including accounting, audit, administration and legal expenses, insurance, costs of any litigation or investigation involving Value Fund activities, and costs associated with reporting and providing information to existing and prospective investors. Brokerage commissions and portfolio transactions are discussed in more detail in Item 12 below.

The limited partners of the Value Fund are assessed an annual Management Fee which is payable quarterly in advance.

The management agreement between AVM and the Value Fund (the "Management Agreement") may be terminated by either AVM or the Value Fund, without penalty, upon 30 days' prior written notice. The termination of the Management Agreement shall not extinguish the obligations of the Value Fund for the payment of fees and expenses in respect of services rendered by AVM prior to the effective date of such termination.

ITEM 6

Performance-Based Fees and Side-by-Side Management

As discussed in Item 5 above, AVM receives a Performance Allocation from AVM. AVM is also entitled to receive a Management Fee in consideration of advisory services provided to the Value Fund.

The existence of the Performance Allocation may create an incentive for AVM to make more speculative investments on behalf of the Value Fund than it might otherwise make in the absence of such performance-based compensation.

In addition, the existence of the Management Fee and the Performance Allocation may create a potential conflict of interest for AVM in valuing investments. The calculation of the Management Fee and/or Performance Allocation may create an incentive for AVM to assign a higher value to assets or to delay a mark-down of assets because AVM may be in a position to receive a higher Management Fee or Performance Allocation based on asset valuation. For example, the Management Fee is based upon a percentage of the gross asset value of the Value Fund, so AVM would be in a position to receive a higher Management Fee if it assigned a higher value to assets or delayed a mark-down of assets during a given calendar quarter. In addition, because the Performance Allocation is based on net profits which are calculated based on the net asset value of the Value Fund's portfolio holdings, AVM is incentivized to assign a higher value to assets or delay a mark-down of assets in order to maximize the net profits of the Value Fund during a calendar year. Apollo has adopted written valuation procedures intended to mitigate potential conflicts of interests in respect of the valuation of assets that are not readily marketable or are difficult to value.

The Apollo Managers (as defined in Item 10) provide advisory services to Apollo Funds (as defined in Item 11) structured as private equity funds or hedge funds which pay a carried interest that is based on a percentage of the capital gains or capital appreciation of the assets of certain Apollo Funds (“Performance Fees”). In the event AVM personnel simultaneously provide advisory services to Apollo Managers whose clients include Apollo Funds that pay higher performance-based fees than the Value Fund or other Clients, such personnel may be incentivized by the Performance Fees to dedicate additional time and resources to such Apollo Funds, which could have a detrimental effect on the performance results of Clients. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo Fund.

Further, to the extent an investment opportunity is suitable for both Clients and an Apollo Fund that pays higher performance-based fees, Apollo would be incentivized to allocate attractive investment opportunities to such Apollo Fund because Apollo would receive a percentage of capital gains or capital appreciation of the investment. The manner in which Apollo addresses the allocation of investment opportunities is addressed in Item 10.

The Clients may invest in securities or other assets that are illiquid and lack a readily assessable market value. Such illiquid investments are typically subject to the management fees described above and are valued pursuant to AVM’s valuation policy and procedures, unless specific valuation procedures have been agreed upon between AVM and the Client. For example, a Client’s private equity and private equity like assets may be valued at historical cost for purposes of calculating management fees and performance allocations. Valuing assets at historical cost results in more stable asset values over time and may result in AVM receiving higher management fees than would otherwise be received if assets were valued at fair value, especially during periods when asset values are generally declining. In addition, valuing assets at historical cost may result in the general partner of the Value Fund receiving a higher performance allocation earlier than it would if assets are valued at fair value. If Client assets are valued at other than fair value, the Client’s constituent documents will disclose the applicable valuation methodology.

ITEM 7

Types of Clients

AVM generally provides investment advice to pooled investment vehicles, such as the Value Fund.

Conditions for investing in the Value Fund, such as the minimum investment amount, are stated in the Value Fund’s offering documents. The offering documents note that the general partner of the Value Fund has discretion to reduce or waive the minimum investment amounts. The minimum investment for limited partnership interests in the Value Fund is \$5 million.

Each investor participating in the Value Fund is generally required to meet certain suitability and net worth qualifications, e.g., the investor must be (i) an “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended, (ii) a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (“1940 Act”), or (iii) a “knowledgeable employee” within the meaning of Rule 3c-5 of the 1940 Act.

ITEM 8

Methods of Analysis, Investment Strategies and Risk of Loss

The following is a summary of the investment strategies and methods of analysis employed by AVM on behalf of Clients. Specific descriptions of such strategies and methods are included in each Client's private placement memorandum, subscription agreement, or other constituent documents.

AVM will generally have three sources of potential investments: (i) opportunities sourced and identified by Apollo's internal proprietary industry research; (ii) receiving information about a distressed situation from the Apollo's network of relationships with management teams, accountants, lawyers and consultants; and (iii) a broker-dealer or other investor offering discounted securities. AVM will invest on behalf of Clients in a distressed security only after an intensive analysis is completed regarding all relevant issues including the value of the assets (cash flow creation multiples, comparable company trading values, comparable transaction multiples and liquidation value), the relevant industry dynamics and the company's competitive position, and the various corporate structure and legal issues associated with the company. Through this extensive due diligence process, AVM will not only identify the attractive companies in which Clients may invest, but also the proper securities within their capital structures that will provide the optimal risk/return profile.

AVM's research will include:

- Capitalizing on Apollo's current relationships with management teams, boards of directors, industry consultants, and financial and legal experts;
- Evaluating the capital structure, maturity schedule and the portfolio company's ability to refinance debt when it becomes due;
- Reviewing SEC filings, industry reports, bank credit agreements, court records, and press releases;
- Analyzing protective debt covenants and other contractual rights, and how these rights will be classified in a restructuring process; and
- Developing computer models to assess the going concern and liquidation values of the business.

Further information regarding methods of analysis and investment strategies can be found in the constituent documents of the Clients.

The investment strategies implemented by AVM on behalf of Clients involve significant risk of loss. The specific risks associated with Clients' investment strategies are described in each Client's private placement memorandum, subscription agreement or other disclosure document. However, the following risks are generally applicable to AVM's Clients:

No Assurance of Investment Returns. AVM cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Clients' individual investment objectives. Client investments risk the loss of capital and there can be no assurance that Clients' investment programs will be successful.

Business and Market Risks. Investments in portfolio companies may involve a high degree of business and financial risk, which could result in substantial loss to the Client. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. In addition, AVM's strategy for a portfolio company may involve an acquisition program, restructuring and/or operational improvements, all of which entail a high degree of uncertainty. The possibility of partial or total loss of capital will exist.

Regulation & Enforcement; Litigation. The growth of the private equity industry and the increasing size and reach of transactions, as well as the increasing attention to hedge funds, has prompted additional governmental and public attention to the private equity industry and its practices. Specific and general regulations addressing the private equity industry, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio companies, the profitability of enterprises, and the costs of operating Clients. Additional regulation could also increase the risk of third-party litigation.

On July 21, 2010 the President signed into law major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). The Dodd-Frank Act, among other things grants regulatory authorities such as the Commodity Futures Trading Commission and the SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives market. It is unclear how these regulators will exercise these revised and expanded powers and whether they will undertake rulemaking, supervisory or enforcement actions that would adversely affect the Apollo Funds or investments made by the Apollo Funds.

The transactional nature of the business of Clients exposes the Clients, the general partners of the Clients, and AVM to risks of third-party litigation. AVM has, historically, been subject to such litigation. Under their respective partnership agreements, the Clients generally will be responsible for indemnifying their general partners, AVM, and related parties for costs they may incur with respect to such litigation to the extent not covered by insurance.

Nature of Reorganization Proceedings. Investments in the debt or equity of companies involved in reorganization proceedings typically entail a number of risks that do not normally apply to investments in financially sound companies. For example, if the AVM's evaluation of the anticipated outcome of a reorganization or the timing of such outcome should prove incorrect, the Clients could experience losses. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Such considerations include, for example, the possibility of litigation between the participants in a reorganization or

liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of AVM to reliable and timely information concerning material developments affecting a company, or which cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for Clients to achieve intended results or promptly effect transactions.

Some of the investments the Clients will make may require active monitoring and representation on official and unofficial creditors committees for the company. Accordingly, Clients may seek representation on such committees from time to time if AVM, in its discretion, determines that such representation is necessary or advisable to protect or further the Clients' interests. Serving on an official or unofficial committee increases the possibility that the Clients will be deemed an "insider" or a "fiduciary" of the company it has so assisted and may restrict the Clients' trading of its investments in such company. Should such assistance be provided before a company enters bankruptcy proceedings, the Bankruptcy Court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of "equitable subordination" with respect to any claim or equity interest held by the Client in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the Clients' managerial activities. In addition, if representation on a creditors committee of a company causes the Client, the general partner or AVM to be deemed an affiliate or related party of the company, the securities of such company held by the Client may become restricted securities, which are not freely tradable. As the Clients' will indemnify the general partners, AVM or any other person serving on a committee on its behalf for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the Clients' investment in a reorganization company.

Changes in the Law. Amendments to the U.S. Bankruptcy Code or other relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation.

Foreign Currencies and Investments. Investing in foreign issuers involves certain considerations comprising both risks and opportunities not typically associated with investing in United States issuers. These considerations include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of the Clients' investments will be U.S. dollar denominated, Client investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation, and political developments. AVM intends, but is under no

obligation, to employ hedging techniques to minimize these risks, but there can be no assurance that such strategies will be effective.

Bank Loans and Participations. There are special risks associated with investments in bank loans and participations, which include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so-called lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations and (iv) limitations on the ability of the Clients to directly enforce their rights with respect to participations. Successful claims by third parties arising from these and other risks, absent bad faith, will be borne by the Clients.

Potential Illiquidity of Partnership Investments. The market value of Client investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of Client investments. In addition, the lack of an established, liquid secondary market for some Client investments may have an adverse effect on the market value of those Client investments and on the Client's ability to dispose of them. Partly as a result of the foregoing, as well as general market inefficiencies respecting companies in varying stages of reorganizations and/or recapitalizations, a portfolio valuation for the Clients may not necessarily be indicative of actual results or amounts to be realized by the Clients from their investments. Additionally, some Client investments may be subject to certain other transfer restrictions that may contribute to illiquidity. Also, Client investments constituting a control position will be subject to additional transfer restrictions under federal securities and other laws by virtue of such control position which will further contribute to illiquidity. Therefore, no assurance can be given that, if the Clients' decide to dispose of a particular investment, it will be able to dispose of such investment at the prevailing market price.

Potential Involvement in Litigation. As a result of the Clients' investments in distressed investments and the possibility that AVM may participate in restructuring activities, it is possible that Clients may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against Clients including the general partner and AVM and ultimately judgments may be rendered against Clients for which the Clients do not carry insurance.

Lender Liability Considerations and Equitable Subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of the Clients' investments, the Clients could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b)

engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors of (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination”. Because of the nature of certain of the Clients’ investments, the Clients could be subject to claims from creditors of an obligor that Clients’ investments issued by such obligor that are held by the Clients should be equitably subordinated. A significant number of Client investments will involve investments in which Clients’ would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting the Client investments could arise without the direct involvement of the Clients.

Investments in Real Estate. While direct real estate investment is not intended to be the focus of the Clients, it is possible that, from time to time, the Clients may invest a portion of their assets directly in real estate and/or real estate related securities that AVM believes are undervalued, non-recourse mortgages where the mortgagor is not a significant operating company and in the securities or obligations of single purpose companies whose primary asset is real estate. Special risks associated with such investments include changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Board Participation. AVM anticipates that the Clients’ investment programs may from time to time enable the Clients to place their representatives on creditors committees and/or boards of certain companies in which the Clients have invested. While such representation may enable Apollo to enhance the sale value of Client investments, it may also prevent the Clients from freely disposing of their investments and may subject the Clients to additional liability. The Clients will indemnify the general partner, AVM or any other person designated by the general partner or AVM for claims arising from such board representation. The Clients will attempt to balance the advantages and disadvantages of such representation when deciding whether and how to exercise their rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Leverage. The Clients do not generally intend to borrow funds except on a recourse or non recourse basis, at times at the discretion of the general partner, to finance investments. While such borrowing will increase the investment opportunities available to the Clients, it will also increase the risk of loss on such investments.

Financial Fraud. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Clients invest may undermine AVM’s due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of the Clients’ investments. In addition, when discovered, financial fraud may contribute to overall market volatility which can negatively impact the Clients’ investment programs.

Illiquidity; Transfers and Withdrawals. The interests in the Clients (“Interests”) are highly illiquid and are not transferable without the approval of the general partner. There will be no secondary market for the Interests, and consequently, limited partners may not be able to dispose of them. Limited partners will have the right to withdraw from the Clients only after satisfying the applicable holding period and only subject to the limitations set forth in the limited partnership agreements of the Clients.

Competition. There is currently and will likely be competition for investment opportunities by investment vehicles and others with investment objectives and strategies identical or similar to the Clients’ investment objectives and strategies.

Reliance on AVM. Investors will be relying on the ability of AVM with respect to selecting Client investments. Because such investments may occur over a substantial period of time, the Clients face the risks of changes in long-term interest rates and adverse changes in the relevant markets.

Co-Investments with Third Parties. The Clients may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of the Clients may at any time have economic or business interests or goals which are inconsistent with those of the Clients, or may be in a position to take action contrary to the Clients’ investment objectives. In addition, the Clients may be liable for actions of their co-venturers or partners.

Concentration of Investments. Because as much as 15% of the Clients aggregate committed capital may be invested in a single issuer, any single loss may have a significant adverse impact on the Clients’ capital. In addition, there is no restriction requiring diversification by industry or region. Concentration of investments in an industry, security or geographic region will make a Client’s portfolio more susceptible to fluctuations in value resulting from adverse economic conditions in these sectors.

Market Changes. Changing market and economic conditions may make the Clients’ intended investment strategies less profitable.

AVM provides advisory services to Clients which invest in the securities described in Item 4. The risks related to investments in such securities are described above in this Item 8.

ITEM 9

Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

ITEM 10

Other Financial Industry Activities and Affiliations

As further discussed below, AP CM, LLC, an affiliate of Apollo (“AP CM”), filed an application for broker-dealer registration on September 17, 2010 which is expected to become effective

during the spring of 2011. It is anticipated that certain management persons of AVM will have applications pending to register as registered representatives of AP CM.

Further, it is expected that certain management persons of AVM that are involved in providing portfolio management services to Clients on behalf of AVM will also be involved in the business and operations of AP CM. Such management persons may face conflicts of interest in dedicating time and resources to the management of Clients, which may have a detrimental effect on the performance of Clients. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo client.

AVM does not currently have a relationship that is material to its advisory business with a related person that is a broker dealer. As discussed in Item 12 below, portfolio transactions on behalf of the Clients are executed by unaffiliated brokers selected by AVM in its sole discretion.

Additionally, certain management persons of AVM are also expected to have a relationship or arrangement that is material to AVM's advisory business with other pooled investment vehicles or investment companies sponsored by Apollo. By way of example, certain management persons of AVM that are involved in providing portfolio management services to AVM on behalf of Clients have direct incentive compensation arrangements with other Apollo Funds that pay incentive fees to their general partners (e.g., a management person of AVM may receive a share of the incentive fees earned by the general partners of other Apollo Funds). Such management persons may be incentivized to (i) dedicate additional time and resources to Apollo Funds with which such persons have a direct incentive compensation arrangement, and (ii) allocate attractive investment opportunities to such Apollo Funds instead of Clients, each of which may have a detrimental effect on the performance of Clients. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo client and by establishing the investment allocation procedures described below in this Item 10.

Affiliated Apollo Managers

AVM is affiliated with the Apollo Private Equity Managers as set forth in (1) through (8) below (collectively, the "Apollo Private Equity Managers"); the Apollo Capital Markets Managers as set forth in (9) through (22) below (the "Apollo Capital Markets Managers"), the Apollo Commodities Manager as set forth in (23) below (the "Apollo Commodities Manager"), the Apollo Real Estate Managers set forth in (24) through (32) below (the "Apollo Real Estate Managers") and together with the Apollo Private Equity Managers, the Apollo Capital Markets Managers, and the Apollo Commodities Manager, the "Apollo Managers").

The Apollo Private Equity Managers are:

(1) Apollo Management, L.P.: Apollo Management, L.P. ("Apollo Management") is a Delaware limited partnership that is an SEC registered investment adviser and controls the investment managers set forth in (2) through (8) below.

(2) Apollo Management III, L.P.: Apollo Management III, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund III, L.P. and its related co-

investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively “AIF III”). AIF III is a private investment fund whose principal investors are public and private pensions and other financial institutions;

(3) Apollo Management IV, L.P.: Apollo Management IV, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund IV, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF IV”). AIF IV is a private investment fund whose principal investors are public and private pensions and other financial institutions;

(4) Apollo Management V, L.P.: Apollo Management V, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund V, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF V”). AIF V is a private investment fund whose principal investors are public and private pensions and other financial institutions.

(5) Apollo Management VI, L.P.: Apollo Management VI, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund VI, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF VI”). AIF VI is a private investment fund whose principal investors are public and private pensions and other financial institutions;

(6) Apollo Management VII, L.P.: Apollo Management VII, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund VII, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF VII” and together with AIF III, AIF IV, AIF V, and AIF VI, the “Apollo Private Equity Funds”). AIF VII is an investment fund whose principal investors are public and private pensions and other financial institutions;

(7) LeverageSource Management, LLC: Leverage Source Management, LLC is a Delaware limited liability company that acts as investment manager to LeverageSource V S.a.r.l. (Lux); and

(8) Apollo Management (Mauritius - PE) Ltd.: Apollo Management (Mauritius - PE) Ltd. is a Mauritius limited company that is a sub-adviser to Apollo Management VII, L.P. It also acts as investment manager to Apollo India Private Equity (Mauritius) Ltd., a Mauritius limited company that serves as a sub-account to AIF VII;

As supervised persons of Apollo Management, the Apollo Private Equity Managers (other than Apollo Management) intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Private Equity Managers and any other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Management. The Apollo Private Equity Managers are relying on Apollo Management’s registration under the Advisers Act and are not registering themselves.

The Apollo Capital Markets Managers are:

(9) Apollo SVF Management, L.P.: Apollo SVF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Strategic Value Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Strategic Value Fund, L.P., and Apollo Strategic Value Offshore, Ltd., “SVF”). Apollo SVF Management, L.P. also acts as investment manager to Apollo Special Opportunities Managed Account, L.P. (“SOMA”), a private securities investment fund, and to certain single investor managed accounts pursuant to specifically negotiated investment limitations. SVF and SOMA primarily invest in the securities of leveraged companies in North America and Europe through distressed investments, value driven investments and special opportunities.

(10) Apollo Investment Management, L.P.: Apollo Investment Management, L.P. is a Delaware limited partnership that is registered as an investment adviser with the SEC. It acts as the investment manager to Apollo Investment Corporation (“AIC”). AIC is a closed-end, non-diversified investment company that has filed an election to be treated as a business development company under the Investment Company Act. AIC primarily invests in mezzanine debt, other debt and equity securities of companies located in the United States.

(11) Apollo Asia Management, L.P.: Apollo Asia Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Asia Opportunity Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Asia Opportunity Fund, L.P. and Apollo Asia Opportunity Offshore Fund, Ltd., and its wholly-owned subsidiary Apollo Asia Opportunity Master Fund Trading Ltd., the “Asia Fund”). Apollo Management Singapore Pte Ltd., a Singapore company, acts as a sub-adviser to Apollo Asia Management, L.P. The Asia Fund primarily invests in strategic and event-driven investment opportunities through investments in the debt and equity securities of middle market and large companies located in Asia.

(12) Apollo Europe Management, L.P.: Apollo Europe Management, L.P. is a Delaware limited partnership that acts as investment manager to AP Investment Europe Limited, a Guernsey limited company and Apollo Investment Europe II, L.P. (together, “AIE”). AIE primarily makes mezzanine debt, other debt and equity investments in European companies.

(13) Apollo EPF Management, L.P.: Apollo EPF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo European Principal Finance Fund, L.P., a Cayman Islands exempted limited partnership, and to its feeder fund Apollo European Principal Finance Fund (Feeder), L.P. (together, “EPF”). EPF invests principally in European non-performing loans.

(14) Apollo Credit Liquidity Management, L.P.: Apollo Credit Liquidity Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Credit Liquidity Fund, L.P., (“CLF”), a private securities investment fund. CLF invests primarily in senior secured debt, but may also invest in other debt and debt-related investments.

(15) Apollo/Artus Management, LLC: Apollo/Artus Management, LLC is a Delaware limited liability company. It acts as the public-side investment adviser to the private securities investment funds Artus Loan Fund 2007-I, Ltd. and Artus Loan Fund 2007-I, LLC, (collectively,

the “Artus Loan Funds”). The Artus Loan Funds primarily invest in U.S. dollar-denominated commercial loans.

(16) Apollo Credit Opportunity Management, LLC: Apollo Credit Opportunity Management, LLC is a Delaware limited liability company. It acts as investment manager to Apollo Credit Opportunity Fund I, L.P. and Apollo Credit Opportunity Fund II, L.P. (collectively, the “Credit Opportunity Funds”). The Credit Opportunity Funds primarily invest in debt and debt-related securities portfolios.

(17) Apollo Management International LLP: Apollo Management International LLP is an English limited liability partnership, which serves as a non-discretionary sub-adviser to various Apollo Capital Markets Managers, Apollo Private Equity Managers, and the Apollo Commodities Manager.

(18) Apollo Credit Management, LLC: Apollo Credit Management, LLC is a Delaware limited liability company that is registered with the SEC as an investment adviser. It acts as investment manager to Apollo Senior Floating Rate Fund Inc., a Maryland corporation that is registered with the SEC as a closed-end, non-diversified investment company under the Investment Company Act.

(19) Apollo Credit Management II, L.P.: Apollo Credit Management II, L.P. is a Delaware limited partnership. It acts as investment manager to Apollo/Palmetto Loan Portfolio, L.P., Apollo Credit Senior Loan Fund, L.P., and Apollo/JH Loan Portfolio, L.P. (collectively, the “Loan Portfolio Funds”). Each Loan Portfolio Fund will be comprised of a diversified portfolio generally consisting of performing senior secured floating rate loans and non-first lien fixed income investments and other income generating fixed income investments, including, but not limited to, senior secured bonds.

(20) Athene Asset Management LLC: Athene Asset Management, LLC is a Delaware limited liability company (“AAM”) that acts as investment manager to Athene Life Re Ltd., a reinsurance company organized as a Bermuda exempted company (“ALR”), and to certain unrelated third party insurance companies. It also manages the assets of Athene Life Insurance Company (“ALIC”), which is a recently-organized Indiana-domiciled stock life insurance company focused on the funding agreement-backed note and institutional funding agreement markets owned by Athene Holding Ltd. (“AHL”), a Bermuda-based holding company. ALIC invests in a diversified portfolio of highly-rated, fixed income assets, which will back ALIC’s obligations under the funding agreements and funding agreement-backed notes.

(21) Apollo Credit Management (CLO), LLC: Apollo Credit Management (CLO), LLC is a Delaware limited liability company that serves as collateral manager to certain Apollo-sponsored special purpose vehicles formed to acquire subordinated notes, collateralized loan obligation assets, and posted collateral.

(22) Apollo Capital Management, L.P.: Apollo Capital Management, L.P. is a Delaware limited partnership that is registered with the SEC as an investment adviser. It controls the Apollo Capital Markets Managers listed in (9) through (21) above. In addition, Apollo Capital Management, L.P. has been engaged by Athene Asset Management, LLC to serve as sub-

manager to one or more accounts to be designated by certain affiliated and unaffiliated third party insurance companies.

As supervised persons of Apollo Capital Management, the Apollo Capital Markets Managers intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Capital Markets Managers and other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Capital Management. The Apollo Capital Markets Managers that are not separately registered are relying on Apollo Capital Management's registration under the Advisers Act and are not registering themselves.

The Apollo Commodities Manager is:

(23) Apollo Commodities Management, L.P.: Apollo Commodities Management, L.P. is a Delaware series limited partnership that is registered with the SEC as an investment adviser.

The Apollo Real Estate Managers are:

(24) Apollo Global Real Estate Management, L.P. ("AGREM"): AGREM is a Delaware limited partnership that is registered with the SEC as an investment adviser. It controls the investment managers set forth in (25) through (32) below. In addition, AGREM has been engaged by Athene Asset Management, LLC to serve as sub-manager to one or more accounts as may be designated by certain affiliated and unaffiliated third party insurance companies.

(25) ACREFI Management, LLC ("ACREFI"): ACREFI is a Delaware limited liability company that serves as the investment manager to Apollo Commercial Real Estate Finance, Inc. (the "REIT"), a real estate finance company that has elected to qualify and be taxed as a real estate investment trust for United States federal income tax purposes. The REIT was formed primarily to originate, invest in, acquire, and manage senior performing commercial real estate mortgage loans (loans on which the borrower is in substantial compliance with the terms of the loan agreement), commercial mortgage-backed securities, commercial real estate corporate debt and loans, and other commercial real estate-related debt investments in the United States.

(26) AGRE CMBS Management LLC ("CMBS Management"): CMBS is a Delaware limited liability company. It serves as investment manager to a managed account that was formed to target investments in commercial mortgage-backed securities eligible for funding under the Federal Reserve's Term Asset-Backed Securities Loan Facility. CMBS may also serve as investment manager to additional managed accounts in the future.

(27) AGRE NA Legacy Management, LLC ("AGRE NA Legacy"): AGRE NA Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners North America LP, CPI Capital Partners North America Offshore LP, CPI Capital Partners North America Offshore (Cayman), L.P., CPI Capital Partners North America Offshore (WT), LP, and CPI NA Co-Invest LP, a collection of parallel funds. The funds pursue opportunistic real estate and real estate-related investments throughout North America.

(28) AGRE U.S. Real Estate Management, LLC ("AGRE U.S."): AGRE U.S. is a Delaware limited liability company. It acts as investment manager to AGRE U.S. Real Estate Fund, L.P.,

which pursues investment opportunities to recapitalize, restructure and acquire real estate assets, portfolios and companies primarily in the United States.

(29) AGRE Asia Pacific Legacy Management, LLC (“AGRE Asia Legacy”): AGRE Asia Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Asia Pacific, L.P. CPI Capital Partners Asia Pacific, L.P. is a closed-end fund, which pursues opportunistic real estate and real estate-related investments throughout the Asia Pacific region.

(30) AGRE Europe Legacy Management, LLC (“AGRE Europe Legacy”): AGRE Europe Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. are parallel funds which pursue opportunistic real estate and real estate-related transactions in France.

(31) AGRE-E Legacy Management, LLC (“AGRE-E”): AGRE-E is a Delaware limited liability company. It serves as sub-advisor to certain real estate investment mandates for which Citigroup Alternative Investments LLC serves as general partner, co-general partner, manager, advisor and/or administrator. AGRE-E also serves as asset manager of a portfolio, wholly-owned by Citigroup Alternative Investments LLC, consisting of real estate and real estate-related assets and certain shareholder, membership and limited partner interests in real estate investment vehicles.

(32) CPI CEE Management LLC (“CPI CEE”): CPI CEE is a Delaware limited liability company. It serves as managing shareholder to CPI CEE Limited, CPI CEE Co-Invest Ltd., CPI CEE Co-Invest 2 Ltd, and CPI CEE Co-Invest 3 Ltd, a collection of parallel funds. The funds invest in Atrium European Real Estate Limited, a leading real estate investor/developer in Central and Eastern Europe and the Commonwealth of Independent States, focused on retail properties.

As supervised persons of AGREM, ACREFI, CMBS Management, AGRE NA, AGRE U.S., AGRE Asia Legacy, AGRE Europe Legacy, AGRE-E, and CPI CEE intend to conduct their activities in accordance with the Advisers Act, and the rules thereunder. Any employees of such Apollo Real Estate Managers, and any other persons acting on their behalf, are and shall be subject to the supervision and control of AGREM. ACREFI, CMBS Management, AGRE NA, AGRE U.S., AGRE Asia Legacy, AGRE Europe Legacy, AGRE-E and CPI CEE are relying on AGREM’s registration under the Advisers Act and are not registering themselves.

Certain inherent conflicts of interest arise from the fact that AVM is affiliated with other Apollo Managers that provide investment management services to other Apollo Funds that also may have overlapping investment objectives. Also, the portfolio strategies employed by AVM for Clients could conflict with the strategies employed by Apollo Managers for other Apollo Funds, and may affect the prices and availability of the securities and other assets in which Clients invest. Participation in specific investment opportunities may be appropriate for both Clients and other Apollo Funds. In such cases, participation in investment opportunities will be allocated pursuant to Apollo’s allocation policy and procedures. Allocations of certain investments among

Clients and Apollo Funds may be made on other than an equal basis. More information concerning Apollo's allocation policy and procedures is provided below in this Item 10.

Additional conflicts of interest may arise because Apollo partners and principals (including AVM personnel) may serve as directors of the companies in which Apollo Funds invest. In addition to any fiduciary duties the Apollo partners and principals owe to the Apollo Funds, as directors of portfolio companies, these Apollo partners and principals owe fiduciary duties to the shareholders of the portfolio companies and to persons other than Clients. In general such director positions are often important to Clients' (and any other Apollo Funds with an investment focus on private equity) investment strategies and may have the effect of enhancing the ability of AVM and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of AVM to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place the Apollo partners and principals in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the shareholders of the portfolio company. Should an Apollo partner or principal make a decision that is not in the best interest of the shareholders of a portfolio company, such decision may subject AVM and the Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify AVM and its partners and principals from such claims. In addition, because of the potential conflicting fiduciary duties, AVM may be restricted in choosing investments for Clients, which could negatively impact returns received by Clients.

AVM personnel will work on other projects; including other Apollo Funds and Apollo's other existing and potential business activities. In addition, AVM personnel will work with other Apollo Managers to manage the investment activities of other Apollo Funds managed by Apollo concurrently with their obligations to Clients. Clients will not have an interest in such investments or other investment funds organized or sponsored by Apollo. It is possible that the investments held by such investment funds may be in competition with those of the Clients.

A principal or employee of AVM or the other Apollo Managers or a related person may, from time to time, serve as a director with respect to portfolio companies, the securities of which are purchased on behalf of the Clients. In the event AVM, another Apollo Manager, or a related person: (i) obtains material non-public information in such capacity with respect to any such company or (ii) is subject to trading restrictions pursuant to the internal policies of such company, AVM and the other Apollo Managers may be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition may have an adverse effect on Clients.

AVM and Apollo currently operate without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from Apollo's decision not to implement such screens, Apollo's Chief Compliance Officer maintains a list of restricted securities as to which Apollo may have access to material non-public information and in which Apollo Funds are not permitted to trade. In the event that employees of AVM or Apollo obtain such material non-public information, AVM may

be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted securities lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in AVM, or one of its investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on AVM's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact AVM's ability to perform its investment management services on behalf of Clients. In addition, while Apollo currently operates on an integrated basis without information barriers, Apollo could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Apollo's ability to operate as an integrated platform could also be impaired, which would limit AVM's access to Apollo personnel and impair its ability to manage Clients' investments.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of AVM, its affiliates, and their personnel. AVM will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. AVM's affiliates may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of Clients. AVM's affiliates may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for Clients. Potential conflicts also may arise due to the fact that AVM's affiliates may have investments in some Apollo Funds but not in others or may have different levels of investments in the various Apollo Funds, and that each of the Apollo Funds may pay different levels of fees.

In addition, AVM or another Apollo Manager may give advice or take action with respect to the investments of Clients that may not be given or taken with respect to other Apollo Funds with similar investment programs, objectives, and strategies. Accordingly, Apollo Funds with similar strategies may not hold the same securities or instruments or achieve the same performance. Other Apollo Managers also may advise Apollo Funds with conflicting investment objectives or strategies to Clients. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for Clients.

AVM and its affiliates may also have ongoing relationships with companies whose securities have been acquired by, or are being considered for investment by, Clients. From time to time, AVM may acquire securities or other financial instruments of an issuer for Clients which are senior or junior securities, or financial instruments of the same issuer that are held by, or acquired for, an Apollo Fund (e.g., an Apollo Fund may acquire senior debt while Clients may acquire subordinated debt). For example, in the event such issuer enters bankruptcy, the Apollo Fund holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to such fund, and

as a fiduciary, the applicable Apollo Manager would have an obligation to pursue such remedy on behalf of the Apollo Fund. As a result, if Clients were holding assets of the same issuer which are more junior in the capital structure, they may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss. The Apollo Managers recognize that conflicts may arise under such circumstances and will endeavor to treat all Apollo Funds fairly and equitably. To that end, the Apollo Managers have adopted procedures that are designed to enable the Apollo Managers to address such conflicts and to ensure that the Apollo Funds are treated fairly and equitably.

Athene Asset Management, LLC

AAM is affiliated with AVM and controlled by Apollo and certain members of management of Athene Holding Ltd., a Bermuda exempted company (“Athene Holding”, and together with its subsidiaries, the “Athene Group”). AAM serves as discretionary investment manager to (i) ALR, (ii) third party insurance companies that are clients of ALR and (iii) to other subsidiaries of Athene Holding Ltd.

Pursuant to the terms of an investment management agreement (“ALR Management Agreement”), AAM currently charges ALR a monthly management fee that is based on a percentage of assets under management (“ALR Management Fee”). The ALR Management Fee is generally payable to AAM quarterly in arrears. In the future, ALR may agree to amend the ALR Management Agreement and pay AAM a higher management fee, and/or enter into similar arrangements with other Apollo Managers. Such amendments or similar arrangements would be subject to the Conflicts Test (as described below).

In addition to the ALR Management Fee, AAM generally has the authority to hire sub-advisers and to set the fees and other remuneration payable to such sub-advisers (subject to the Conflicts Test). In connection therewith, AAM has hired certain Apollo Managers to act as sub-advisers for certain asset classes and may hire additional Apollo Managers in the future with respect to other asset classes (subject to the Conflicts Test). In connection with such services, certain Apollo Managers receive sub-advisory fees payable by the Athene Group.

AAM may also provide discretionary investment advisory services to certain third party insurance companies that are not affiliated with Apollo. Fees charged by AAM to such unaffiliated insurance companies are individually negotiated and established pursuant to such company’s investment management agreement.

Members of the Athene Group have invested in, and in the future may also invest in, Apollo Funds. Examples of existing investments in Apollo Funds include a series of commercial mortgage backed securities funds, a life-settlements fund, and a collateralized loan obligation fund. Apollo will be entitled to receive various forms of consideration with respect to each fund, including management fees, portfolio fees, closing fees, and/or carried interest.

Affiliates of Apollo may also advise Athene Holding and ALR on certain proposed financial transactions, acquisitions, and other matters related to their strategic interests and will receive fees as consideration for such services pursuant to the terms of a transaction services agreement

(“Services Agreement”). Pursuant to such Services Agreement, Athene Holding and ALR have agreed jointly and severally to pay a quarterly fee based on a percentage of the capital and surplus of Athene Holding (exclusive of certain reimbursements for out-of-pocket expenses) plus a percentage of the aggregate consideration for value paid or provided by Athene Life and/or Athene Holding in connection with the closing of any merger, acquisition or similar transaction. In addition, affiliates of Apollo may be entitled to receive a closing fee from Athene Holding equal to a percentage of the amount set forth in each capital call notice delivered to investors under the subscription agreements for certain shareholders of Athene Holding. Upon a qualified initial public offering or a sale of Athene Life, Athene Holding and Athene Life shall jointly pay affiliates of Apollo a lump-sum amount equal to the net present value of any remaining quarterly advisory fees owed from the date of such qualified initial public offering or sale, as applicable, until the expiration of the term of the Services Agreement.

Due to the voting structure of Athene Holding and because Apollo has significant influence over a vehicle that holds the non-economic, voting shares of Athene Holding and possessed one hundred percent (100%) of the voting control over Athene Holding, the potential exists for Apollo to cause members of the Athene Group to enter into affiliated transactions that may benefit Apollo at the possible detriment to Athene Holding’s shareholders. In order to mitigate any potential conflicts of interest that may arise, the Third Amended and Restated Shareholders Agreement of Athene Holding (the “Shareholders Agreement”) requires the creation of a conflicts committee (“Conflicts Committee”). The purpose of the Conflicts Committee is to provide consent, if appropriate, to certain conflicts of interest regarding transactions involving Athene Holding and Apollo and its affiliates.

Not all potential Apollo conflicts are subject to the approval of the Conflicts Committee (for example, small transactions or transactions that are less likely to be on terms that are less advantageous to the Athene Group than can be obtained through arms-length negotiations). However, the Amended and Restated Bye-Laws of Athene Holding require that entering into new (or amending existing) affiliated transactions between Apollo (and its subsidiaries) and Athene Holding (and its subsidiaries) be, at the time such transaction is approved, (i) fair and reasonable, taking into account the totality of the relationship between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Athene Group), or (ii) on an arms-length basis, or (iii) approved by the disinterested directors of Athene Holding, or (iv) approved by the holders of a majority of the issued and outstanding Class A common shareholders of Athene Holding, or (v) approved by the Conflicts Committee (the “Conflicts Test”). Additionally, Athene Holdings must maintain a log of all contracts, agreements and arrangements that its board of directors, acting in its sole discretion, deems to involve a potential conflict of interest with Apollo, and shareholders may review such log from time to time upon reasonable request.

Because certain Apollo Funds and portfolio companies have similar investment programs and/or engage in similar business objectives and strategies as Athene Holding, Apollo may identify opportunities that are appropriate and fall within the investment or business objectives of Athene Holding as well as the Apollo Funds and portfolio companies. AAM has been managing, or in the future may agree to manage, certain categories of investments on behalf of Athene Holding. Because the Apollo Funds and portfolio companies may pay higher fees and/or carried interest to

Apollo, Apollo may be incentivized to allocate investment opportunities to such Apollo Funds and portfolio companies. With respect to the categories of investments which are managed by AAM, AAM will make such investments in accordance with Apollo's allocation policies as then in effect from time to time, which allocation policies are intended to satisfy Apollo's fiduciary duties to all of its clients under the Advisers Act. Apollo does not have a fiduciary duty to allocate investment opportunities to Athene Holding with respect to any investments that it manages which are not within the investment categories specifically covered by any contractual arrangement between Athene Holding and AAM.

Apollo Funds may engage in cross trades (as defined below) with the Athene Group. The potential conflicts of interest associated with such cross trades are addressed in Item 11.

In addition, certain Apollo Funds may own the same securities and other financial instruments that AAM has selected for Athene Holding and its subsidiaries. The Apollo Funds may acquire such securities at different times and/or different prices than Athene Holding and its subsidiaries and may acquire different classes of securities of the same issuer (e.g., an Apollo Fund owns senior debt and Athene Holding owns subordinated debt in an issuer). Apollo and its affiliates may also make investments that are contrary to the investments made by Athene Holding and its subsidiaries (e.g., Apollo may take a short position in a security in which Athene Holding holds a long position). This may give rise to conflicts of interest regarding the management strategy taken toward such securities held by Athene Holding and the Apollo Funds.

Related persons of AVM serve as sponsors or syndicators of limited partnerships. Apollo, and certain affiliates of Apollo, serve as general partners of Apollo Funds and are regularly engaged in the business of sponsoring pooled investment vehicles and separately managed accounts. Conflicts of interest associated therewith are discussed in Item 10 above.

Since participation in specific investment opportunities may be appropriate, at times, for Clients and for other Apollo Funds, Apollo has established policies and procedures for allocating investment opportunities among Clients and the Apollo Funds. The procedures have been adopted to ensure that Clients and each Apollo Fund is treated in a manner that, over time, is fair and equitable and to take into account the fact that Clients and Apollo Funds tend to have broad investment mandates that may overlap. Apollo will allocate such opportunities among Clients and the Apollo Funds on a basis that Apollo determines in good faith to be appropriate, taking into consideration factors including, but not limited to, the following:

- (i) the fiduciary duties that the Apollo Managers and their affiliates owe to Apollo Funds;
- (ii) The Clients' and each Apollo Funds' primary mandate;
- (iii) the relative amounts of capital available for investment (taking into account applicable reserves) and any restrictions on investment;
- (iv) the sourcing of the transaction;
- (v) the size of the transaction;

- (vi) the amount of potential follow-on investing that may be required for such investment and other portfolio investments;
- (vii) the nature of the investment focus of Clients and each Apollo Fund;
- (viii) portfolio balance;
- (ix) the involvement of respective teams of investment professionals; and
- (x) any other factors deemed applicable by Apollo in good faith.

The investment allocation policy may be amended by Apollo at any time without Client consent.

ITEM 11

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

Code of Ethics

Apollo and the Apollo Managers, including AVM, have adopted a Code of Ethics (the “Code”) designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all partners, principals, directors, officers, employees and supervised persons of Apollo (each a “Covered Person”). AVM and the other Apollo Managers strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of the Apollo Funds first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of a Covered Person's position of trust and responsibility must be avoided;
- (iii) Covered Persons must not take inappropriate advantage of their positions;
- (iv) information concerning the identity of securities and financial circumstances of the Apollo Funds, including investors in Apollo Funds, must be kept confidential; and
- (v) independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

Personal Trading Restrictions.

The Code requires that Covered Persons’ personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions, other than those involving: US Government and municipal securities; exchange-traded funds and closed-end funds; mutual funds (i.e. open ended investment companies); variable annuities; and transactions in fully-managed accounts where

Covered Persons or other Relevant Persons (as defined below) significantly contribute. Covered Persons are prohibited from purchasing securities in initial public offerings.

The Code provides that approval will generally not be granted for securities of companies on Apollo's Restricted List. Further, approval will generally not be granted for proposed securities transactions in securities of companies with a market capitalization for the outstanding equity on the date of trade of more than \$100 million and less than \$20 billion. This "market-capitalization band" may be changed from time to time.

Personal Securities Holdings and Transaction Reports.

The Code provides that, subject to limited exceptions, each Covered Person must periodically submit to the Compliance Officer a report of the holdings in the accounts in which the following persons have a direct or indirect beneficial ownership interest or over which the following persons exercise any investment control, influence or discretion: (i) the Covered Person, (ii) any member of the Covered Person's immediate family who resides with the Covered Person or to whose support the Covered Person significantly contributes, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom a Covered Person has an adoptive or in-law relationship or (iii) any other person who may reside with a Covered Person or to whose support a Covered Person significantly contributes. (Each individual identified in clauses (ii) and (iii) a, "Relevant Person")

The holdings reports must contain, at a minimum: (i) the title and type of security, and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal amount of each reportable security in which the Relevant Persons have any direct or indirect beneficial ownership, (ii) the name of any broker, dealer or bank with which the Relevant Persons maintain an account in which any securities are held for the Relevant Person's direct or indirect benefit, (iii) if securities are held other than with a broker, dealer or bank, the location of the securities, and (iv) the date that the Covered Person submits the report to the Compliance Officer.

Each Covered Person must also send to the broker-dealer(s) or financial institution(s) carrying each account a letter authorizing and directing that it forward duplicate monthly statements, as well as any other information or documents as AVM's Compliance Officer may request, directly to AVM.

The Code requires each Covered Person to prepare or certify, on at least an annual basis, reports of securities holdings and transactions. Covered Persons may submit monthly account statements instead of providing the above described holdings report.

Material, Non-Public Information.

The Code includes policies and procedures concerning "inside information" (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. The Insider Trading Policies prohibit AVM and Covered Persons from trading for Clients or themselves, or recommending trading, in securities of a

company while in possession of material, non-public information (“Inside Information”) about the company, and from disclosing such information to any person not entitled to receive it.

By reason of their various activities, Apollo Managers may have access to Inside Information and, as a result, be restricted from effecting transactions in certain investments that might otherwise have been initiated. For example, there may be certain cases where the Apollo Managers or their personnel receive Inside Information due to their various activities on behalf of Apollo Funds, which could result in either limited liquidity or in AVM or its personnel being prohibited from using such information for the benefit of the Apollo Funds. The Apollo Managers seek to minimize those cases whenever possible, consistent with applicable law and their Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

Other Provisions of the Code.

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to the Apollo Funds, managing investments of related parties, and general standards of conduct including the conduct expected when dealing with Apollo Funds and the investors in Apollo Funds. In addition, Covered Persons are subject to AVM’s Anti-Money Laundering procedures. Covered Persons are required to certify periodically that they have complied with the terms of the Code. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to Clients upon request.

AVM and its personnel do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, Apollo Funds. However, from time to time, subject to applicable Client investment guidelines and restrictions, AVM may direct one Client to sell securities to another Client through an internal cross transaction. These “cross transactions” also may occur with other Apollo Funds. Cross trades may be viewed as principal transactions due to the ownership interest in the Client by AVM and its personnel.

Cross transactions and principal transactions may give rise to conflicts of interest between Clients. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, AVM could use its investment authority to transfer unappealing securities from one Client to another Client.

To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by AVM and its personnel, AVM will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures. Specifically, AVM’s investment professionals must provide notice to, and obtain the approval of, the Chief Compliance Office or designee and a member of the legal department, prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, the Chief Compliance Officer or designee shall confirm, among other things: (i) that such trade is allowed by the applicable Client’s investment guidelines, (ii) that AVM’s valuation procedures were followed when pricing the transaction, including obtaining a third-party

valuation when appropriate, and (iii) in the case of principal trades, that notice of the specific trade was provided to the Client and written consent from the Client was obtained.

AVM does not co-invest in any of Clients or the funds or any separate accounts managed by the Apollo Managers (collectively, the “Apollo Funds”). However, Apollo's principals, officers and employees and certain of Apollo's affiliates may have direct and indirect investments of their own capital in the Apollo Funds through, for example, direct investments, deferred compensation agreements, and carried interest. Additionally, AVM may become an investor in a Client as a result of management fee waiver programs. The existence of the Performance Allocation in the case of the Value Fund may create an incentive for AVM to make more speculative investments on behalf of the Value Fund than it might otherwise make in the absence of such performance-based compensation.

AVM has put in place Personal Trading Policies and Procedures, as set forth in the Code of Ethics and as discussed more fully above in this Item 11, designed, among other things, to address the conflicts of interest that arise in connection with personal trading.

The Apollo Funds have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one fund. If it is not possible to satisfy in full the investment interest of multiple Apollo Funds in an investment opportunity, then Apollo will determine each fund's participation in one of the following ways: (i) pro rata allocation or (ii) allocation according to Apollo's allocation policies and procedures which are described more fully in Item 10 above.

The Apollo Managers recognize that conflicts may arise under such circumstances and, as a result, have instituted policies and procedures that are reasonably designed to address such conflicts.

In the first instance, no Apollo Fund may acquire securities or other interests of a class that is senior or junior to a class of securities of an issuer already held by another Apollo Fund unless the disclosure and governing documents for each of the affected Apollo Funds contemplate such an investment practice and contain appropriate risk and conflict disclosures.

ITEM 12

Brokerage Practices

Portfolio transactions will be executed by brokers selected by the Apollo Managers in their absolute discretion. In placing portfolio transactions, the Apollo Managers must use reasonable diligence to ascertain the “best” market price for all securities bought/ sold in that market so that the price to the Apollo Funds is as favorable as possible under prevailing market conditions. The determinative factor is whether the transaction represents the best qualitative execution for the investor/ fund and not whether the lowest possible commission cost is obtained. The Apollo Managers consider the full range of quality of the broker's service in selecting brokers to meet best execution obligations and may not pay the lowest commission rates available. The Apollo Managers generally take the following factors into account to select brokers for portfolio transactions: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which

transactions are effected, taking into account the size of order and difficulty of execution, (iii) the financial strength, integrity and stability of the broker, (iv) the broker firm's risk in positioning a block of securities, (v) the quality, comprehensiveness and frequency of available research services considered to be of value, and (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Apollo Managers' other selection criteria. The Apollo Managers are not required to weigh any of these factors equally.

The constituent documents of certain Apollo Funds and Clients authorize the use of "soft dollars." The term "soft dollars" refers to the receipt by Apollo Managers of products and services provided by brokers without any cash payment by Apollo Managers, based on the volume of revenues generated from brokerage commissions for transactions executed for the Apollo Funds. The Apollo Managers may in the ordinary course use "soft dollars" to obtain research products and services. Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment managers in the performance of their investment decision-making responsibilities. Although certain Apollo Managers have the discretion to use "soft dollars" to obtain services and products that would not be within the safe harbor afforded by Section 28(e) of the Exchange Act and for which it would otherwise be required to pay in cash, they have no plans to do so, and will notify the Apollo Funds of any change to that policy.

If Apollo determines that the purchase or sale of the same security is in the best interest of more than one Apollo Fund, Apollo may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Apollo Fund (which may include Clients) will receive the average price with transaction costs allocated *pro rata* based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Apollo. In the event of a partial fill, allocations generally will be made *pro rata* based on the initial order, but may be modified on a basis that Apollo deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This may result in allocations of certain investments on other than a *pari passu* basis.

ITEM 13

Review of Accounts

The portfolio managers across the Clients managed by AVM engage in ongoing monitoring of each investment. In addition, AVM conducts thorough, periodic reviews of Client accounts in order to assess trends that may impact an individual investment's ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

The Investment Practices Committee of Apollo (the "IPC") meets on a quarterly basis to review all Apollo Funds. Generally, the IPC provides oversight of issues relating to the investment and trading of Apollo Funds, such as allocations and best execution. The IPC is comprised of certain senior members of Apollo.

The Value Fund generally delivers on a periodic basis to investors newsletters summarizing the performance of the funds and market outlook, an attribution report and an exposure report as well as a statement of net asset value, and on an annual basis, audited financial statements.

ITEM 14

Client Referrals and Other Compensation

AVM may enter into arrangements with, and compensate, solicitors for Client referral activities. These solicitation arrangements will be fully disclosed to affected Clients and will comply with the requirements of Rule 206(4)-3 under the Advisers Act, where applicable.

ITEM 15

Custody

This Item 15 is not applicable.

ITEM 16

Investment Discretion

The Value Fund has delegated to AVM discretionary authority to determine the type, amount and price of securities or investments to be bought and sold on behalf of the Value Fund, including the selection of, and commissions paid to brokers. AVM's discretionary authority to invest the Value Fund's assets are subject to the terms of the Management Agreement and the investment policies, goals and limitations set forth in the Value Fund's offering documents.

The offering documents of the Value Fund generally place limitations on AVM regarding its management of the Value Fund, including: (i) the number of portfolio investments that the Value Fund may acquire; (ii) the size of portfolio investments; (iii) the amount of leverage that the Value Fund may use to acquire portfolio investments; and (iv) the percentage of portfolio investments acquired by the Value Fund that are organized and operated primarily outside of the United States. Limited partners in the Value Fund may also negotiate with the general partner in side letter agreements for more specific limitations applicable to the limited partner, such as prohibited investments in specified countries.

ITEM 17

Voting Client Securities

AVM has been delegated the authority to vote proxies on behalf of Clients. AVM may have conflicts of interest where it has a substantial business relationship with the portfolio company and the failure to vote in favor of company management could harm AVM's relationship with management. Conflicts may also arise in the event a senior executive of a portfolio company and a principal of Apollo have a significant personal relationship that could affect how the adviser would vote on a matter relating to the portfolio company.

AVM has adopted and implemented policies and procedures which it believes are reasonably designed to ensure that it votes proxies in the best interests of Clients. For example, if an Apollo representative sits on the board of directors of a portfolio company that is the subject of a proxy, the Chief Compliance Officer or designee will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between AVM and the interests of Clients or between AVM and Clients and the portfolio company shareholders. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of Clients, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio company. In each instance, when exercising its voting discretion, AVM seeks to avoid any direct or indirect conflict of interest between Clients and their voting decision.

A copy of the proxy voting policy is available to Clients upon request. Further, upon request, Clients will be provided with a record of how proxies have been voted.

ITEM 18

Financial Information

This Item 18 is not applicable.

ITEM 19

Requirements for State-Registered Advisers

This Item 19 is not applicable.