

## **ADV Part 2A: Firm Brochure**

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York Enhance Strategies Management, LLC

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This brochure provides information about the qualifications and business practices of York Enhance Strategies Management, LLC which does business under the name “York Capital Management” (the “Adviser”). If you have any questions about the contents of this brochure, please contact Mark D. Schein, Chief Compliance Officer, at 212-300-1372 or [mschein@yorkcapital.com](mailto:mschein@yorkcapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the York Capital Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Item 2.        Material Changes

This brochure is the Adviser's first real occasion to implement the SEC's new Form ADV Part 2. As such, many of the sections and responses are new and different from previous versions of the Adviser's ADV. This document should be reviewed in its entirety.

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Item 4. Advisory Business

York Enhanced Strategies Management, LLC (the “Adviser”) serves as the investment adviser to York Enhanced Strategies Fund, LLC, a privately-offered, non-diversified closed-end investment company that is registered with the SEC under the Investment Company Act of 1940 (“Registered Fund”). Adviser is affiliated with York Capital Management Global Advisors, LLC (collectively, the “York Group”) that are responsible for running the day-to-day operations of certain private investment funds (each an “Unregistered Fund”, and together with the Registered Fund, the “Funds”) and managed accounts and have sole discretion as to the management of their affairs and the selection of their investments.

The Adviser will operate as the “master” fund in a master feeder fund structure into which other Funds will invest. Adviser is also affiliated with several other companies that serve as general partners and/or administrators (collectively, the “York Group,” “the Funds” or the “Firm”) that are responsible for running the day-to-day operations of the Unregistered Funds. The York Group also serves as investment advisor to certain other institutional managed accounts and accounts related to its founders, and has sole discretion as to the management of their affairs and the selection of their investments. (However, certain of the Adviser’s managed accounts have restrictions as to what types of assets they may own.)

CSAM Americas Holding Corp., a subsidiary of Credit Suisse Group AG (“Credit Suisse”), owns a passive, non-controlling, minority equity interest in York. Certain subsidiaries of Credit Suisse provide brokerage and placement agent services to York Funds on a non-exclusive basis. York operates independently of the Credit Suisse group of companies and is managed by its Partners and other senior management personnel.

Adviser was founded in 1991 by James G. Dinan. The Adviser’s principal owners are James G. Dinan and Daniel Schwartz.

As of December 31, 2010, the Adviser managed approximately \$15 billion in assets. All of these assets are managed on a discretionary basis.

Item 5. Fees and Compensation

During the initial draw period of the Registered Fund, the Adviser receives an annual management fee of 1% of the sum of (i) capital commitments, regardless of whether the Registered Fund has drawn down or repaid such commitments, and (ii) the maximum amount available to be borrowed by the Registered Fund under the senior facility, regardless of whether the Registered Fund has borrowed any amounts under the senior facility, and (iii) the maximum aggregate liquidation preference of the preferred shares the Registered Fund would be authorized to issue under the Investment Company Act based upon the total amount of the capital commitments and assuming that the Registered Fund has borrowed the maximum amount available to be borrowed under the senior

facility, regardless of whether the Registered Fund has issued such preferred shares during the first year after the Registered Fund's closing. Thereafter, the Adviser receives an annual management fee of 1% of the net asset value of the total Registered Fund assets under management, calculated and paid quarterly in arrears, for the coverage of certain operating expenses of the Registered Fund and for the costs of investment advisory and administrative functions that the Adviser or other entities within the York Group provide, including personnel costs, salaries and rent.

Adviser also will receive a performance allocation of 100% of the amount by which the cumulative distributions and amounts distributable to the holders of the common shares that exceed a 2% quarterly weighted average return on undistributed capital attributable to the common shares until the Adviser has received from the Registered Fund an amount equal to 25% of the aggregate cumulative distributions of net income and gain to the holders of the common shares as well as amounts paid to the Adviser, as described more fully in the offering documents of the Registered Fund. Thereafter the Adviser will receive 20% of the aggregate incremental distribution of net income and gain. This 2% quarterly weighted average return hurdle rate on undistributed capital shall be cumulative (but not compounded) up to an aggregate of 8% per year.

Where permitted by 17 C.F.R. § 275.205 and/or Section 205 of the Investment Advisers Act of 1940, performance-based compensation will generally be paid to Adviser's affiliates by private investment partnerships and offshore investment funds (the "Unregistered Funds") to which the affiliates provide services.

In some cases, Adviser or its affiliates may receive administrative servicing fees, and/or reimbursement of certain expenses, from the Registered Fund or the Unregistered Funds, as described in the offering documents and periodic reports of those Funds.

The Registered Fund will be a closed-end investment company, and thus investors generally will not have a contractual right to redeem their shares. There is no secondary market for shares of the Funds, including the Registered Fund, so investors are required to hold the shares for an extended time. Each Fund is governed by a contractual relationship or other governing instrument that specifies the terms of withdrawal or redemption by an investor in the Fund for each type of investment. In general, no withdrawal or redemption is permitted other than according to the terms of the governing documents of the particular Fund, subject to the right in some cases of the Adviser or other York Group entity, in its sole discretion, to waive the requirements for investors on a case by case basis.

Certain strategic clients may be charged management fees and incentive fees at lower rates than those set forth herein. In addition, the Adviser's affiliates may grant certain investors preferential rights with respect to various matters, including, without limitation, the right to most favorable economic terms for their investments in  
In some cases, Adviser or its affiliates receive administrative servicing fees, and/or reimbursement of certain expenses from the Funds, as described in the offering documents and periodic reports of those Funds. These reimbursements are for expenses deemed by the Firm in its discretion to be beneficial services to the Funds.

There is no secondary market for interests in the Funds, so investors are required to hold the interests for an extended time. Each of the Funds is governed by a contractual relationship or other governing instrument that specifies the terms of withdrawal or redemption by an investor in the Funds for each type of investment. In general, no withdrawal or redemption is permitted other than according to the terms of the governing documents of the particular Funds, subject to the right in some cases of the Adviser or other York Group entity, in its sole discretion, to waive the requirements for investors on a case by case basis. The Registered Fund is a closed end investment company, and thus investors generally do not have a contractual right to redeem their shares.

Advisors and/or other York Group entities, or the Funds may pay placement fees, certain expenses, and servicing fees to broker-dealers acting as placement agent that place investors for the Funds, as described in the offering documents of the relevant Funds, that may be based on a percentage of the assets initially invested, or assets remaining invested over time, from the investor, or based upon fees received by Adviser, in respect of the investors placed by that placement agent.

Item 6. Performance Based Fees and Side-By-Side Management

A description of the fees charged by Adviser is provided above in Item 5.

The Adviser serves as an investment adviser primarily to the Funds and is not actively seeking other new non-Fund accounts. However, on occasion Adviser will allow an investor who meets certain criteria to open a separately managed account which may have as its terms regarding transparency and liquidity different from those of the Funds. Each Fund imposes minimum investment limits upon investors in the Fund that can be waived in certain circumstances, as set forth in that Fund's offering documents.

Item 7. Types of Clients

Adviser generally provides investment advice to high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments, and foreign sovereign wealth Funds.

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

In addition to publicly traded and privately placed debt and equity securities, options and warrants, the Funds invest in PIPE transactions, as well as a variety of privately placed debt and equity instruments, including loans, notes and debt securities, which may have equity features. This may include bank loans and other loans, distressed, defaulted and/or non-performing debt instruments, high-yield debt instruments, convertible debt securities or instruments, subordinated debt securities or instruments, mortgage backed and preferred equity securities. In some cases the terms or price of these instruments may be negotiated by Adviser or its affiliates. The Adviser also may engage in various transactions in short sales, forward contracts, swaps, credit default swaps, and other

derivatives and instruments to manage or hedge interest rate, currency exchange, industry, equity and other risks. On occasion, the prices of certain assets held in the Funds' portfolios may be difficult to ascertain. The Adviser will use its best efforts to ascribe a "fair value" to the positions. The Adviser uses a Valuation Committee and, on occasion a third party vendor to help ascertain an assets value. However, the Adviser makes the ultimate decision regarding the value of assets in its portfolios.

Investments in the Funds are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Funds. An investment in the Funds should be made only after consulting with independent, qualified sources of investment, legal, tax, accounting and other advice. The risks of investing in the Funds include, without limitation, those set forth below.

### **General Risks**

The transactions in which the Funds will engage involve substantial risks. Growing competition may limit the Funds' ability to take advantage of trading opportunities in rapidly changing markets or to access investment opportunities believed to be attractive. No assurance can be given that investors will realize a profit on their investments in the Funds. Moreover, investors may lose all or some of their investments in the Funds.

Due to the nature of the Funds' trading and investment activities, the results of the Funds' activity may fluctuate from month to month and from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results in future periods.

### **Investment Risks**

*Overall Investment Risk.* All securities investments involve the risk of loss of capital. The nature of the securities to be purchased and traded by the Funds and the investment techniques and strategies to be employed in an effort to increase profits may increase this risk. The identification and exploitation of investment opportunities involve uncertainty, and no assurance can be given that the Firm will be able to locate investment opportunities or to correctly exploit inefficiencies in the markets. In addition, the Funds' use of certain strategies and instruments, including derivatives such as options, that are themselves inherently volatile may increase the Funds' exposure to specific market movements. Many unforeseeable events, including actions by governmental authorities, such as the U.S. Federal Reserve Board, may cause sharp market fluctuations that impact the Funds' investments.

*General Economic and Market Conditions; Possible Economic Downturns.* The success of the Funds' investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, currency exchange controls, and national and international political circumstances, as well as changes in the financial condition of the issuers of the Funds' investments due to other factors. Such conditions may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Volatility or

illiquidity in the financial markets could impair the Funds' profitability or result in losses. The Funds may maintain substantial investment positions that can be adversely affected by volatility and illiquidity in the financial markets; the larger the positions, the greater the potential for loss. Moreover, economic slowdowns or downturns may lead to losses.

*Leverage; Margin Calls.* Part of the Funds' investment strategy may involve borrowing Funds in order to make additional investments. Fluctuations in the market value of the Funds' portfolio investments will be magnified to the extent such investments are leveraged and thus may have a more significant effect on the Funds' capital. The risk of loss, as well as the magnitude of possible gains, is therefore increased. In addition, certain of the Funds' investments from time to time may be in securities of entities which are themselves highly leveraged, thus increasing the Funds' exposure to leverage-related risk. The level of interest rates generally, and the rates at which the Funds can borrow in particular, affect the operating results of the Funds.

In general, the use of short-term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional Funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to satisfy its margin requirements.

*Investments in Distressed, Bankrupt or Special Situation Companies.* The Funds may invest in securities of issuers that are in a weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial and business risks that can result in substantial or total losses. It frequently may be difficult to obtain information as to the financial conditions of troubled issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and there may be wide spreads between the bid and asked prices of such securities. The ability of such companies to pay their debts on schedule and the market values of their debt securities could be affected substantially by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is particularly high. Such types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Firm on behalf of the Funds. To the extent that the Firm becomes involved in such proceedings, the Funds may have a more active participation in the affairs of the issuer than that assumed generally by an investor. The Funds, however, do not generally make investments for the purpose of exercising day-to-day management of any issuer's affairs.



The Funds may also make speculative purchases of “special situation” securities. Such purchases may include securities that the Firm believes to be undervalued, or may involve situations where a significant position in the securities of a particular company has been acquired by other persons or where companies in the same or a related industry have recently been the target of acquisition attempts. If the Funds purchase securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur during the timeframe anticipated by the Firm, the Funds may sell the securities at a material loss. A substantial period of time may elapse between the Funds’ purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Funds’ assets would be committed to the securities purchased, and the Funds may have financed such purchases with borrowed Funds on which it would have to pay interest. In liquidations and other forms of corporate reorganizations, there is a risk that the reorganization will be unsuccessful, will be delayed or will result in a distribution of cash or a new security with a value less than the Funds’ purchase price of the underlying security.

The Firm attempts to assess all of the foregoing risk factors, and others, in determining the nature and extent of the investment the Funds will make in specific “special situation” securities. However, many risks, such as the outcome of governmental approvals or the outcome of pending or threatened litigation, cannot be quantified.

*Equity Securities.* The Funds invest in common and preferred stock and other equity securities, including both public and private equity securities. Equity securities generally will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions, general stock market fluctuations and changes in market confidence and perceptions of their issuers. Investor perceptions are based on various and unpredictable factors, including expectations regarding governmental, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic or financial crises. In some cases, the issuers of such equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. Some of the small and mid-cap issuers of equity securities in which the Funds may invest may be more vulnerable than larger companies to adverse business or market developments, may have limited markets or financial resources and may lack experienced management. In addition, some equity securities may be illiquid. Due to perceived or actual illiquidity or investor concerns regarding leveraged capitalization, certain equity securities often trade at significant discounts to otherwise comparable investments or are not readily tradable. Such securities generally do not produce current income for the Funds and may also be speculative. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities.

*Short Sales.* The Funds may engage in selling securities short. Short selling involves selling securities that are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date.

Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security (and thus the cost to the Funds of buying those securities to cover the short position) could theoretically increase without limit. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. The securities may be “bought in” (*i.e.*, the Funds may be forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further. In a “short squeeze,” a lack of supply and an excess of demand for a traded stock caused by short sellers seeking to cover their short positions forces the price upward. If the price of a stock starts to rise rapidly, the trend may escalate as an increasing number of short sellers seek to close out their positions quickly.

*Debt Obligations Generally.* Debt obligations are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the term of an instrument, and debt obligations that are rated by rating agencies are often reviewed and may be subject to downgrade. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed-rate debt securities) and directly (especially in the case of debt instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed-rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree, depending on the characteristics of the reset terms, including the index chosen, frequency of reset, and reset caps or floors, among other factors. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. There is also a risk that the general condition of the debt markets may deteriorate. Prices of debt securities fluctuate and are susceptible to general stock market fluctuations and to changes in market confidence and perceptions of their issuers.

*Below Investment-Grade Securities.* There is no minimum credit standard that is a prerequisite to the Funds’ investment in any instrument, and a significant portion of the obligations and securities in which the Funds invests from time to time may be in the form of fixed-income instruments which are or are deemed to be the equivalent in terms of quality to securities rated below investment grade by a nationally recognized statistical rating organization such as Moody’s Investors Service, Inc. or Standard & Poor’s Corporation and accordingly involve great risk. Companies that issue such securities are often highly leveraged and may not have access to more traditional methods of financing. While all security investments have some degree of risk, these types of securities may be subject to greater market fluctuations and risk of loss of income and principal than are investments in lower yielding fixed income securities with higher ratings. It may take a

number of years for the market price of such securities to reflect their intrinsic value. It is anticipated that some of the portfolio securities of the Funds may not be widely traded, and that the Funds' position in such securities may be substantial in relation to the market for the securities. In addition, such securities generally are traded in the over-the-counter marketplace, which is less transparent than the markets for securities traded on organized exchanges. The Funds also may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

*Second Lien Loans.* The Funds may invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy which can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other forms of debt.

*Direct Loans.* On occasion, the Funds may provide financing to borrowers that have difficulty obtaining financing from other sources. While the Firm believes that this may provide an attractive opportunity for the Funds to generate profits, such borrowers may have difficulty repaying their loans to the Funds upon maturity. A borrower's ability to repay its loan may be adversely affected by numerous factors, including, without limitation, a failure to meet its business plan, a downturn in its industry or negative economic conditions. Deterioration in a borrower's financial condition and prospects may be accompanied by a decrease in the value of any collateral and a reduced likelihood of the Funds capitalizing on any guarantees it may have obtained from the borrower's management or other parties. Although the Funds may sometimes seek to be the senior, secured lender to a borrower, some, if not the majority, of the Funds' direct loans may be subordinated to a senior lender, and the Funds' interest in any collateral would, accordingly, likely be subordinate to another lender's security interest.

*Bankruptcy Claims.* The Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Bankruptcy claims are usually illiquid and generally do not pay interest, and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated under the Federal securities laws. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. Under judicial decisions, it is possible that the purchase of a bankruptcy claim could be disallowed by the bankruptcy court if the court determined that the purchaser had taken unfair

advantage of an unsophisticated seller, which might result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

*Options Trading.* The Funds may purchase and sell call and put options on securities and other investments. Both the purchase and the sale (“writing”) of call and put options entail risks. Although an option buyer’s risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying instruments. In theory, an uncovered call writer’s loss is potentially unlimited. The risk for a writer of a put option is that the price of the underlying instrument may fall below the exercise price.

*Stock Index Options Trading.* The Funds may purchase and sell call and put options on both securities and stock indices. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or sale of options on an index depends upon movements in the level of stock prices in that index generally, rather than movements in the price of a particular stock. Successful use of options on stock indices will depend upon the ability of the Firm to predict correctly movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

*Real Estate Investments.* The Funds may, from time to time, invest in a variety of real estate and related transactions, either as a direct Funds investment or through investment in other entities, including affiliates of the Funds. Such real estate investments may entail the extension of, or participation in, mortgage loans. The value of real estate is subject to market conditions, and adverse changes in the local real estate market may lower the value that may be derived from a liquidation. Other risks incident to the ownership and operation of commercial and residential real estate include (i) dependence on cash flow, (ii) changes in supply of, or demand for, competing properties in an area (as a result of over-building), (iii) changes in the financial conditions of tenants, buyers and sellers of properties, (iv) changes in the availability of debt financing, (v) energy and supply shortages, (vi) laws assigning liability to the owners of real estate properties for environmental hazards existing on such properties, (vii) changes in tax, real estate, environmental and zoning laws and regulations, (viii) various uninsured or uninsurable risks, (ix) natural disasters and (xii) challenges inherent in developing and managing real properties.

Adverse changes in real estate markets increase the probability of default on mortgage loans, as the incentive of the borrower to retain equity in the property declines. Loans may become non-performing for a wide variety of reasons, including, without limitation, because the mortgaged property is too highly leveraged and therefore unable to generate sufficient income to cover its debt service, because of poor management or physical condition or because local economic conditions adversely affect the potential of the property to generate income. Non-performing mortgage loans often require workout negotiations and/or restructuring, which may entail, among other things, a write-down of

the principal of the loan and/or reduction of the interest rate. In addition, in the event that foreclosure of a mortgage loan is required, the foreclosure process is often lengthy and expensive, sometimes taking several years. In addition, the foreclosure process can itself disrupt the use of the property, thereby reducing the economic returns.

*Residential Mortgage-Backed Securities and Other Asset-Backed Securities.* The Funds may invest in residential mortgage-backed securities (“RMBS”) and other asset-backed securities (“ABS”). RMBS are subject to the risk of prepayment on the loans underlying such securities (including voluntary prepayments by the obligors and liquidations due to default and foreclosures). Generally, prepayment rates increase when interest rates fall and decrease when interest rates rise. Prepayment rates are also affected by other factors, including economic, demographic, tax, social and legal factors. To the extent that prepayment rates are different than anticipated, the average yield of investments in RMBS may be adversely affected. The interest rate sensitivity of any particular pool of loans depends upon the allocation of cash flow from the underlying mortgage loans. Certain types of RMBS contain complex interest rate and cash flow provisions and may be highly volatile with respect to market value, yield and total return to maturity. The underlying mortgages that collateralize the RMBS in which the Funds may invest will frequently have caps and floors which limit the maximum amount by which the loan rate to the residential borrower may change up or down (i) per reset or adjustment interval and (ii) over the life of the loan. Some residential mortgage loans restrict periodic adjustments by limiting changes in the borrower’s monthly principal and interest payments rather than limiting interest rate changes. These payment caps may result in negative amortization. In addition, because of the pass-through of prepayments of principal on the underlying securities, RMBS are often subject to more rapid prepayment of principal than their stated maturity would indicate.

The market value of RMBS will generally vary inversely with changes in market interest rates, declining when interest rates rise and rising when interest rates decline. However, RMBS, while having comparable risk of decline during periods of rising rates, usually have less potential for capital appreciation than other investments of comparable maturities due to the likelihood of increased prepayments of mortgages as interest rates decline. In addition, to the extent such RMBS are purchased at a premium, mortgage foreclosures and unscheduled principal prepayments generally will result in some loss of the holders’ principal to the extent of the premium paid. RMBS are subject to whole loan risk, special residential mortgage loan risks and credit risk that the underlying receivables will not be paid by debtors or by credit insurers or guarantors of such instruments.

As described above with respect to RMBS, the values of some other ABS are subject to interest-rate risk and prepayment risk. A change in interest rates can affect the pace of payments on the underlying loans, which in turn, affects total return on the securities. ABS also carry credit or default risk. If many borrowers on the underlying loans default, losses could exceed the credit enhancement level and result in losses to investors in an ABS transaction. The value of RMBS and ABS may be substantially dependent on the servicing of the underlying asset pools, and are therefore subject to risks associated with the negligence by, or defalcation of, their servicers. In addition, any fees related to outside loan origination and servicing contracts could negatively affect returns. In certain

circumstances, the mishandling of related documentation may also affect the rights of security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added costs and delays in addition to losses associated with a decline in the value of underlying assets. Furthermore, debtors may be entitled to the protection of a number of state and Federal (as hereinafter defined) consumer credit laws with respect to RMBS and ABS, which may give the debtor the right to avoid payment. RMBS and ABS may be highly illiquid and the market value of RMBS and ABS may fluctuate widely. If the Funds are forced to liquidate its investments in RMBS or ABS to satisfy withdrawals, it may be difficult or impossible to do so on favorable terms and may result in losses.

*Access to Nonpublic Information.* From time to time, the Funds, through the principals, employees or agents of the Firm, may be represented on the boards of directors or creditors' committees, or serve as observers to the boards of directors, of certain of the companies in which the Funds make investments. In addition, the Firm may have access to nonpublic information regarding issuers of securities that are investments or potential investments of the Funds. While such representation or access to nonpublic information is important to the Firm's investment strategy and may enhance its ability to manage the Funds investments, it may also have the effect of impairing the ability of the Funds to purchase or sell the related investments when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws or standstill provisions in nondisclosure agreements entered into by the Firm or the Funds in connection with obtaining such representation or access. Furthermore, material, nonpublic information may be obtained for the benefit of one of the Firm's Funds, yet result in the restriction of trading by other Firm Funds.

*Private Equity Investments.* While private equity investments are not part of the Funds' principal investment strategies, the Funds may make private equity investments from time to time, including investments in companies undergoing debt restructurings and recapitalized companies, which involve a high degree of business and financial risk. Such companies may have highly leveraged capital structures, require substantial additional capital to support expansion or to achieve or maintain a competitive position, produce substantial variations in operating results from period to period or operate at a loss. In the event that any such company cannot generate adequate cash flow to meet debt service, the Funds may suffer a partial or total loss of capital invested in the company. Although the Firm may seek protective provisions, including, possibly, board representation, in connection with certain of its private equity investments, to the extent the Funds take minority positions in companies in which it invests, the Firm may not be in a position to exercise control over the management of such companies and, accordingly, may have a limited ability to protect its position in such companies. Private equity investments may have extended holding periods of several years during which no distributions are made to the Funds on its investment, and there can be no assurance that a viable exit mechanism will be available at the end of the anticipated holding period.

*Illiquid Positions.* As part of its investment strategies, the Funds may invest in companies with small or mid-size market capitalizations or in illiquid and other long-term securities such as private placement securities, restricted securities, bank debt, other debt

instruments or securities with limited, if any, trading volume. In addition, the Funds, together with one or more other Firm Funds, may hold a large percentage of the outstanding securities of an issuer from time to time. Illiquid securities carry the risk that a buyer may not be found for such securities. In addition, the lack of an established, liquid secondary market for many of the Funds' investments may have an adverse effect on the market value of the Funds' investments and on the ability to dispose of them. No assurance can be given that, if the Funds are determined to dispose of a particular investment, it could dispose of such investment at the previously prevailing market price. In addition, certain investments may have to be held for a substantial period of time before they can be liquidated to the Funds' greatest advantage or, in some cases, at all.

A portion of the Funds' investments may consist of securities that are subject to restrictions on resale by the Funds because they were acquired in a "private placement" transaction or because the Funds are deemed to be an affiliate of the issuer of such securities as a result of significant ownership stakes held by the Firm Funds or for other reasons. Generally, the Funds will be able to sell such securities without restriction to other large institutional investors, but may be restrained in its ability to sell them to other investors. If restricted securities are sold to the public, the Funds may be deemed to be an underwriter or possibly a controlling person with respect thereto for the purposes of the Securities Act and may be subject to liability as such under the Securities Act. In addition, the Funds may hold securities subject to contractual restrictions on transfer.

Even in the case of more liquid securities, futures contracts and options thereon, it may also not always be possible for the Funds to execute a buy or sell order at the desired price or to liquidate a position, either due to market conditions on exchanges or due to the operation of "circuit breakers" (in the case of equity securities) or daily price fluctuation limits (in the case of futures contracts and options thereon). During a single trading day, no trades may be executed at prices beyond the daily limit. In addition, the Funds may not be able to execute trades at favorable prices if little trading in the contracts it wishes to trade is taking place. It is also possible that an exchange or governmental authority may suspend or restrict trading, order the immediate settlement of a particular futures contract or order that trading in a particular futures contract be conducted for liquidation purposes only. Options trading may be restricted in the event that trading in the underlying instrument becomes restricted, and options trading may itself be illiquid at times, irrespective of the condition of the market of the underlying instrument, making it difficult to offset option positions in order to realize gain thereon, limit losses or change positions in the market.

*Diversification of Investments.* In order to diversify the Funds' capital, the Firm will invest the Funds' assets in multiple investment positions. Although this diversification is intended to offset losses while maintaining the possibility of capitalizing on profitable price movements, there can be no assurance that the use of multiple investments will provide any material diversification, that it will not result in overall losses generated by one investment exceeding profits achieved by another or that the selection of multiple investments will prove more successful than would selection of a single investment.

*Swap Transactions; Absence of Regulation in OTC Transactions.* The Funds may engage in credit default swaps, total return swaps on individual securities and indices and other swap transactions. Swap contracts are not traded on exchanges as of the date of this Brochure, and the swap markets are not subject to the same type or degree of regulation and supervision as are regulated exchanges. As a result, many of the protections afforded to participants on regulated exchanges are not available in connection with swap transactions and other over-the-counter (“OTC”) transactions. For example, the swap and other OTC markets generally are “principals’ markets” in which performance with respect to a swap contract is the responsibility only of the counterparty to the contract, and not of any exchange or clearinghouse. As a result, the Funds are subject to the risk of the inability or refusal of the counterparties with which the Firm trades to perform with respect to swap contracts. As of the date of this Brochure, the U.S. Congress is contemplating the regulation of certain swap transactions; however, no new laws have been enacted. The form of such regulation could impact the Funds’ investment in swap transactions and the market for such swap transactions.

*Credit Default Swaps.* In particular, the Funds may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an owner of corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with a bank, broker-dealer or financial intermediary. Upon an event of default, the swap is most commonly terminated by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value. Credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. Credit default swaps also can be used to implement the Firm’s view that a particular credit, or group of credits, will experience credit improvement. In the case of expected credit improvement, the Funds may “sell” credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Funds also may “purchase” credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of the Firm, there is a high likelihood of credit deterioration. The Funds also may enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

*Custodian and Counterparty Risks.* The Funds will be subject to the risk of the inability of its custodians, brokers and dealers and counterparties to safeguard assets or to perform with respect to transactions, whether due to bankruptcy, insolvency or other causes. There is a risk that any of such institutions could become bankrupt or insolvent. The bankruptcy or insolvency of any such institutions may result in the Funds losing all or a portion of its assets held with such institutions or the termination of any outstanding transactions. In addition, brokers and dealers, custodians and counterparties may use sub-custodians and disclaim responsibility for any losses which may result therefrom.



In addition, the Funds may use counterparties and custodians located in various jurisdictions outside the United States. Such local counterparties and custodians are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Investors should assume that the insolvency of any non-U.S. counterparty or custodian would result in a loss to the Funds, which could be material.

In an effort to mitigate such risks, the Firm will attempt to limit transactions and entrust assets to counterparties and custodians, both within and outside the United States, which it believes are established, well-capitalized and creditworthy. However, as the events of 2008 and 2009 have shown, even the capitalization of a long-established institution may deteriorate rapidly when it has substantial risk exposure to one or more asset classes that become distressed, its counterparties and customers lose confidence in its ability to perform its transactions and safeguard assets, or it encounters other severe difficulties. There can be no guarantee that the Funds could unwind transactions and withdraw assets from a once-creditworthy institution if the institution's capital begins to deteriorate rapidly.

*Co-Investment Risks.* The Firm has various business dealings and relationships with institutional and high-net-worth investors, and the Firm, in its sole and absolute discretion, may permit such investors to co-invest with the Funds in certain of the Funds' investments. In addition, the Firm's affiliates may also co-invest with the Funds in certain of the Funds' investments. Such co-investments may have the effect of limiting the size of the Funds' investment in such opportunities. In addition, although such co-investment opportunities may arise as a result of the Funds' activities, the Firm may choose to offer such co-investment opportunities to outside parties rather than making larger investments on behalf of the Funds in such opportunities or offering such opportunities to the Limited Partners.

In addition, the Funds often co-invest in private transactions with other of the Firm's Funds, through collectively owned SPVs and otherwise. Assets of each co-investing Firm Funds may become exposed to the risk of claims involving one or more other co-investing Funds, *e.g.*, a third party to a transaction may require the co-investing Funds to agree to joint and several liability, or certain types of trades may be pooled together in a common SPV without segregation of liabilities arising from different trades even though not all participating Funds participate in all trades entered into by the SPV. The Firm intends to mitigate such risks as it deems appropriate from time to time, such as through cross-indemnification arrangements among the Firm Funds, but there can be no guarantee that such risks can be mitigated in full.

*Competition for Investments.* The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives or invest its capital fully. There can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in all market environments. Among other factors, competition for suitable investments from other pooled investment Funds and vehicles may reduce the availability of investment opportunities.

*Litigation.* Litigation can and does occur in the ordinary course of the management of an investment Fund or vehicle. The Funds may be engaged in litigation both as a plaintiff and as a defendant. This risk is somewhat greater where the Firm exercises control or significant influence over a company's direction, *e.g.*, as a result of board participation or being active on a creditors' committee. Such litigation can arise as a result of issuer defaults, issuer bankruptcies or other reasons. In certain cases, such issuers may bring claims or counterclaims against the Funds, Firm and/or their respective principals and affiliates alleging violations of securities laws and other typical issuer claims and counterclaims seeking significant damages. The Firm and others are indemnified by the Funds and, in certain circumstances, other Funds in connection with such litigation, subject to certain conditions. The expense of defending against third-party claims made against the Funds or persons indemnified by the Funds and paying any amounts pursuant to settlements or judgments generally would be borne by the Funds and reduce net assets to the extent that the Funds have not been able to protect itself through indemnification or other rights against the relevant portfolio company, is not entitled to such protections, or is entitled to such protections but the portfolio company is not solvent.

*Strategy Risk.* The Funds will be subject to strategy risk. Strategy risk is associated with the failure or deterioration of an entire strategy (such that most or all investments in the strategy suffer significant losses). Strategy-specific losses can result from excessive concentration by multiple advisors in the same investment or broad events that adversely affect particular strategies (*e.g.*, illiquidity within a given market). Many of the strategies to be employed by the Funds are speculative and involve substantial risk of loss.

*Tandem Markets.* The Funds' strategy of investing in multiple investments is designed in an attempt to achieve broad diversification across global capital markets and, thus, seeks to limit the Funds' exposure to any single market. However, from time to time multiple markets could move in tandem against the positions held by the Funds and the Funds could suffer substantial losses.

## **Management Risks**

*Changes in Investment Strategies.* The investment strategies of the Firm may be modified without prior approval by, or notice to, the Funds or its investors if the Firm determines that such modification is in the best interests of the Funds. Any such modification could result in exposure of the Funds' assets to additional risks which may be substantial.

## **Structural and Operational Risks**

*Side Letters and Other Investor-Related Arrangements.* From time to time, the Firm and/or the Funds, may enter into letter agreements or other similar arrangements (collectively, "Side Letters") with one or more investor that alter or supplement the terms of the Partnership Agreement or any Subscription Agreement (as hereinafter defined), providing for, *e.g.*, increased liquidity, heightened transparency, heightened reporting and reduced Management Fees and Incentive Allocations. As a result of such Side Letters, certain investors may receive rights, terms and other benefits that other investors will not

receive. The Firm is not required to notify the other investors of any such Side Letters or any of the rights or terms or provisions thereof, nor will the Firm be required to offer such additional or different rights or terms to all other investors. The other investors generally will have no recourse against the Funds or the Firm in the event that certain investors receive additional or different rights, terms or other benefits as a result of such Side Letters. In addition, future investors may receive more favorable terms or other benefits through investment in one or more Classes of Partnership Interests designated, created and offered after the date of this Brochure.

In some cases, the Firm also may disclose portfolio holdings to other third parties, such as companies that evaluate portfolio risk for investors. The Firm will provide such information to such companies as it chooses in its sole discretion and may refuse to provide such information to any such company at any time. The Firm generally requires recipients of such information to enter into nondisclosure agreements as a condition to receiving such information. However, there can be no assurance that the recipients will fulfill their confidentiality obligations.

*Similar Funds.* The Firm may determine to organize and/or manage other Funds (including separately managed accounts) that share substantially similar investment strategies and objectives with the Funds from time to time. Such other Funds may offer the investors in such Funds benefits that investors will not receive in relation to their investments in the Funds, such as increased liquidity, heightened transparency (including with respect to portfolio composition information), the right to impose investment restrictions or guidelines, heightened reporting and reduced management fees and incentive allocations or fees. The Firm is not required to notify investors of the terms applicable to such other Funds, and such increased liquidity and/or heightened transparency may have an adverse effect on the Funds.

*Valuation of Securities.* The General Partner is responsible for valuing the securities and other investments comprising the assets of the Funds. The General Partner generally values the Funds' portfolio using U.S. generally accepted accounting principles ("U.S. GAAP"). Typically the valuations would be "marked to market" by reference to the last generally available price quotation. However, where a security is subject to any resale restriction, lack of available price quotations, illiquid market conditions or other factors preventing immediate liquidity of the Funds' entire position, the Firm has the sole and absolute discretion to value such security using its best good faith estimate as to fair value. This causes the potential for a conflict of interest due to the fact that a higher fair value assigned to such security will result in greater Management Fees paid, and possibly in higher Incentive Allocations credited to, the General Partner. Valuations assigned to securities and other investments are not necessarily equivalent to the value that can be realized by the Funds on the sale of those securities and other investments. In addition, there is a risk that the valuations of a security made pursuant to U.S. GAAP may differ from the price at which the security may actually be sold.

*Increases in Assets under Management.* The Firm has not presently agreed to limit the amount of additional assets it may manage and new investment strategies it may launch, and will continue to seek new investment capital, although, from time to time, the Firm

may close one or more the Funds (or one or more classes of interests therein) to new investments based on market conditions and perceived opportunities. The greater the amount of assets under management by the Firm, the more difficult it may be for the Firm to invest profitably for the Funds because of the difficulty of trading larger positions without adversely affecting prices and managing risk associated with larger positions. In addition, there can be no assurance that appropriate investment opportunities will be available to accommodate future increases in assets under management, which may require the Firm to modify its investment decisions for the Funds because it cannot deploy all the assets in the manner it desires. Furthermore, due to the overlap of strategies and investments across many of the Funds, the Funds may be adversely affected in the event of rapid or large liquidations of investment positions by other the Funds or may find it more difficult to liquidate positions held by the Funds due to a lack of liquidity resulting from large position sizes in the same investments held by other the Funds.

**Item 9. Disciplinary Information**

The Adviser and its employees do not have any material legal or disciplinary events.

**Item 10. Other Financial Industry Activities and Affiliations**

Adviser is an affiliate of York Capital Management Global Advisors, LLC, an SEC-registered investment adviser. Adviser shares personnel, office space, facilities and systems with the York Capital Management Global Advisors, LLC.

York Capital Management Global Advisors, LLC serves as adviser to private investment partnerships and offshore Funds (the “Unregistered Funds”) and certain other accounts, including accounts related to the founders and third-party institutional accounts. Adviser is a related person to the general partners of the following Unregistered Funds that are investment limited partnerships:

<b>General Partners</b>	<b>Investment Managers</b>
Dinan Management, LLC	York Offshore Holdings, LLC
York Credit Opportunities Domestic Holdings, LLC	York Credit Opportunities Offshore Holdings, LLC
York Select Domestic Holdings, LLC	York Select Offshore Holdings, LLC
York Global Value Holdings, LLC	York Global Value Offshore Holdings, LLC
York European Opportunities Domestic Holdings, LLC	York European Opportunities Offshore Holdings, LLC

York Asian Opportunities Domestic Holdings, LLC

York European Focus Domestic Holdings, LLC

York Total Return Domestic Holdings, LLC

York Special Opportunities Domestic Holdings, LLC

York Distressed Mortgage Holdings, LLC

Avenue A Management, LLC

York Asian Opportunities Offshore Holdings, LLC

York European Focus Offshore Holdings, LLC

York Total Return Offshore Holdings, LLC

York UCITS Holdings, LLC

York Managed Holdings, LLC

Avenue A Advisors LLC

York Distressed Mortgage Holdings, LLC

York Global Finance Manager, LLC

York Domestic Finance I, LLC

#### **Domestic Funds**

York Capital Management, L.P.  
York Institutional Partners, L.P.  
York Select, L.P.  
York Credit Opportunities Fund, L.P.  
York Global Value Partners, L.P.  
York European Opportunities Fund, L.P.  
York Asian Opportunities Fund, L.P.  
York Total Return L.P.  
York European Focus Fund, L.P.  
York Long Enhanced Funds, L.P.  
York Special Opportunities Fund, L.P.  
York Distressed Mortgage Fund, L.P.  
York Enhanced Strategies Feeder Fund, LLC  
YTR Investors, L.P.

#### **Offshore Funds**

York Investment Limited  
York Investment Master Fund, L.P.  
York Event-Driven UCITS Fund  
York Offshore Investors Unit Trust  
York Select Unit Trust  
York Credit Opportunities Unit Trust  
York Global Value Unit Trust  
York European Opportunities Unit Trust  
York Investment Limited York Asian Opportunities Unit Trust  
York Institutional Partners, L.P.  
York Total Return Unit Trust  
York European Focus Unit Trust  
York Offshore Distressed Mortgage Fund, L.P.  
York Special Opportunities Feeder Fund (Cayman), L.P.

#### **Separately Managed Accounts**

Lyxor/York Fund Limited  
HFR ED Select Fund Master Trust  
Permal York Ltd  
Jorvik Multi-Strategy Domestic Fund, L.P.  
Jorvik Multi-Strategy Offshore Fund, Limited  
Jorvik Multi-Strategy Master Fund, L.P.

York Asian Event Driven UCITS Fund  
York Multi-Strategy Master Fund, L.P.  
York Multi-Strategy Institutional Fund, Limited  
York Select Master Fund, L.P.  
York Global Value Master Fund, L.P.  
York European Opportunities Master Fund, L.P.  
York Asian Opportunities Master Fund, L.P.  
York European Focus Master Fund, L.P.  
York Total Return Master Fund, L.P.  
York Event Driven UCITS Fund  
York Event Driven Asian UCITS Fund  
York Enhanced Strategies Feeder fund (Cayman)

An affiliate of Adviser owns an interest in excess of 25%, but less than 50%, in the general partner. The 1794 Commodore Funds are “Funds-of-Funds” which principally invest in other hedge Funds. Affiliates of the Adviser have a minority interest in the general partner or investment manager of the 1794 Commodore Funds. Employees of Adviser or its Affiliates may assist in making investment decisions on behalf of The 1794 Commodore Funds.

Where permitted by applicable laws and the governing instruments of the relevant Funds, the Adviser and its affiliates may purchase securities or other assets for the Registered Fund and the Unregistered Funds in which more than one fund holds the same securities or other assets and the affiliates of the principals may also purchase the same securities or other assets, subject to compliance with Firm’s Code of Ethics.

The Adviser believes that, in certain circumstances, it may be in the best interests of the Funds to be able to co-invest with other Funds in order to be able to participate in a wider range of transactions. Currently, SEC regulations and SEC Staff letters permit registered investment companies, such as the Registered Fund, to co-invest with the Unregistered Funds, that are affiliated with the Adviser in publicly traded securities, and also to co-invest in private placements where (i) the Adviser negotiates only the price, interest rate and similar price-related terms of the securities and not matters such as covenants, collateral or management rights and (ii) each relevant account acquires and sells the securities at the same time in pro rata amounts (subject to exceptions approved by compliance personnel after considering the reasons for the requested exception). The conditions to the SEC Staff letters that permit co-investments by a Registered Fund in private placements include the following: The process is subject to review by an investment committee. The portfolio manager of an investment company is required to review the company's investment objectives and restrictions, cash position, and other objective criteria, and determine whether a purchase or a sale is appropriate for that investment company, not engage in an aggregated transaction on behalf of an investment company unless consistent with the investment manager’s best execution and other duties to the investment company, and produce allocation statements for each aggregated transaction before or at the time that the order is placed that describes how the investment or proceeds will be allocated among participants. If available amounts of the security are insufficient to fill a purchase or sale of all participating accounts, the orders will be filled as a pro-rata portion of the allocation statements. An order may be filled on a basis

different from that specified in the allocation statement or pro rata only if all participants receive fair treatment, and the reason for the deviation is recorded promptly and approved by a member of the investment committee at or prior to settlement. No Fund or account participating in an aggregated transaction may be favored over any other Fund or account, and each must participate at the same unit price. Transaction costs and expenses, and any fees received, must be shared by the participating Funds and accounts on a pro rata basis according to the amount of their participation. However, current SEC regulations and interpretations do not permit co-investment by a Registered Fund in private placements where the Adviser negotiates non-pricing terms such as covenants, collateral and management rights, unless an exemptive order is obtained from the SEC.

From time to time, senior management at the Adviser may be offered investment opportunities personally, principally in private placements and other private equity transactions. In addition, the Firm's senior management, may have 501(c)3 charitable foundations which they are allowed to manage subject to certain rules of oversight and review. The Adviser's personnel review such opportunities and determine whether they are appropriate investments for any of the Funds based upon such criteria as the size of the transaction, the business of the company in which the investment is being made, the expected length of the investment and other similar issues. These investments do not typically result in additional research or other costs to the Adviser.

The Adviser, the Registered Fund, and their related companies are governed by certain aspects of Section 17(d) of the Investment Company Act. These provisions place restrictions on the Registered Funds' investment in privately placed securities in which the Unregistered Funds or other accounts managed by the Adviser or its affiliates also invest. There are SEC rules permitting certain types of co-investments by a registered investment company alongside other accounts, however, these may limit in some cases such co-investment or affect the allocation of investment opportunities between the Registered Fund and the Unregistered Funds. These rules are designed to protect investors in the Registered Investment Company.

The Adviser will seek to implement policies that would allow the Registered Fund to invest in private investments to the maximum extent possible in accordance with the Investment Company Act of 1940, current SEC interpretations and other applicable requirements. In such a case, the Adviser may be required to allocate some covered investments solely to the Registered Fund and others solely to the Unregistered Funds. The allocation process would take into account the size of the transaction, the investable assets of each affiliated Funds, the alternative investments potentially available in the near term, prior allocations to each Funds, the expected holding period for the transaction, the remaining life of the Funds in question and issuer diversification and industry concentration matters as well as other potential factors. The Adviser would not follow any mathematical or formulaic allocation policy, but would rather make each allocation decision based on what it considered to be in the overall best interests of its clients in light of the factors identified by the Adviser as being relevant to its allocation decision.

Item 11. Code of Ethics, Interest in Client transactions and Personal Trading

**Codes of Ethics**

The Adviser has adopted a Code of Ethics (the “Code”) pursuant to 17 C.F.R. § 275.204A-1 and, the Registered Fund has adopted the same Code as its investment company Code of Ethics under 17 C.F.R. § 270.17j-1. Copies of the Code are available upon request from the Adviser.

Persons subject to the Adviser’s Code of Ethics are subject to, among other things, various restrictions relating to the acquisition by them of securities. These restrictions include pre-authorization and disclosure requirements, restrictions on short term trading, and general prohibitions on transactions in securities in certain circumstances, including: when in possession of inside information; transactions in securities of issuers on the Adviser’s restricted list or during specified blackout periods; transactions in securities at a time when the employee intends, or know of another employee’s intention, to purchase or sell that security or an equivalent security on behalf the Funds or other advisory client; transactions in securities in which Adviser is placing a transaction on behalf of a Funds or other client within a certain number of business days of such order being placed by Adviser for the Funds or other client account; and acquisition of securities in initial public offerings. There are also restrictions on the acquisition by persons subject to the Adviser’s Code of Ethics in private placements, which acquisitions require the prior approval of Adviser’s chief compliance officer and the satisfaction of certain conditions.

The Code of Ethics also addresses the fiduciary duties expected of the persons subject to the Code, including confidentiality obligations, gift and corporate opportunity policies, and restrictions on outside business activities.

**Allocation of Limited Investment Opportunities**

The Adviser may purchase and sell public and private investments and co-invest the assets of the Funds with other Funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff relating to such investments. The Adviser and the related Firm entities agree, prior to the placement of any order or batch or block trade, on which Funds will receive portions of the order or trade, and in what amounts. The allocation may vary depending upon the different objectives, methodologies, investment strategies and restrictions applicable to each Fund, as well as the cash available for investment at each Fund. The allocation may also vary depending upon decisions made by the portfolio manager principally responsible for any particular Funds. For example, a portfolio manager responsible for an investment idea may request a larger allocation of a securities purchase than the size of the particular Funds for which he is principally responsible might warrant if allocations were made solely based on the relative size of the Funds. Or, a portfolio manager might indicate a



lack of interest in a securities purchase initiated by another portfolio manager and may reduce or exclude any allocation of it for the particular Funds for which he is principally responsible. If there are any disagreements concerning any such allocations, and a portfolio manager wants more or less of an allocation than would result from pro rating the allocation based on Funds size, and the disagreement cannot be resolved, James G. Dinan and/or Daniel A. Schwartz shall resolve the disagreement and prescribe the allocation. Mr. Dinan and Mr. Schwartz continually monitor and review all of the holdings of all the Funds. From time to time, Adviser will commence a new Fund and will use proprietary money to establish that Funds. At that time, a disproportionate amount of trades will go to the new Fund. On occasion, new Funds are created which overlap with the investment objectives of existing Funds. This will result in some Firm Funds not getting as much of an investment allocation as it would otherwise. In addition, on occasion an investment opportunity will go to one Fund over another at the discretion of a portfolio manager who oversees both Funds in question.

The Firm strongly discourages “cross” trades. However, on rare occasions, one York Fund will sell a security which another Fund wants to own. On these occasions, after extensive Firm and compliance review and documentation, a sale of the security or asset from one Fund to another will be permitted.

In the case of privately placed securities in which the Registered Funds makes an investment, the Advisor will follow the procedures and conditions set forth in 17(d) of the Investment Company Act of 1940 and Rule 17d-1 thereunder, SEC Staff no-action letters, and any other procedures and conditions which the SEC may establish.

It is expected that the Registered Fund may choose to invest in privately placed securities, loans and assets in which the Adviser or its affiliates participate in negotiation of terms, but not along-side other Funds or accounts managed by the Adviser or its affiliates. This will result in allocation of different private investment opportunities either to the Registered Fund or instead to the Unregistered Funds or accounts managed by Adviser and its affiliates

On occasion, one of the Adviser’s Funds may become restricted in a particular security and this restriction may prevent other of the Adviser’s Funds from trading that security.

The Firm allocates domestic new issues to the York Investment Limited, York UCITS Funds, and York Enhanced Strategies, which are the only Funds currently entitled to receive domestic new issues pursuant to FINRA rules. New issues from foreign issuers are allocated in accordance with the Firm’s allocation procedures and the decisions of each Fund’s portfolio manager. Foreign new issues are generally allocated to the Funds which identify the opportunity and also offered to the Multi-Strategy Funds. If additional shares are received beyond what the initial Funds desired, the shares may be offered to other Funds within the York Group. The new issues are allocated at the discretion of the Firm’s portfolio managers.

Adviser, its affiliates, and their respective personnel, may invest in the Funds, and in securities or other assets in which the Funds or other clients invest, subject to applicable law and the Codes of Ethics of the Registered Fund and of the Adviser.

Item 12. Brokerage Practices

The Adviser or its related Group entities make all of the decisions to buy and sell securities for their respective clients. The primary consideration in placing portfolio securities transactions with broker-dealers for execution is to obtain, and maintain the availability of, execution at the best net price available and in the most effective manner possible.

Where permitted by applicable law, the Adviser and its related entities may combine orders for different Funds or accounts for execution together as a batch or block trade. If the execution occurs at multiple prices, often the average price will be allocated to each Fund or account that participated in the order. This is done to obtain favorable execution, including access to lower commissions and better pricing on the orders. If the order is not filled in full, the Adviser and its related Group entities will allocate the partially-filled order among the participating Funds or accounts in a manner consistent with applicable law (including the requirements of the Investment Company Act and related SEC rules and orders under that Act for orders in which a registered investment company participates) and in a manner designed not to systematically favor or disfavor any accounts (unless required by law). Funds or accounts that do not participate in the batch or block trade that are separately executed generally will not receive the same price or be charged the same brokerage commissions as those combined in the large batch or block trade, and their execution price and brokerage fees often will not be as favorable as those obtained in the large block or batch trade.

Certain brokers and dealers selected by the Adviser or its affiliates provide or may agree to provide the Adviser or its affiliates with soft dollar credits which the Adviser and its affiliates may use to purchase certain brokerage and research and other services. These services or products would otherwise only be available to the Adviser for a cash payment. To the extent that the Adviser utilizes commissions to obtain items that would otherwise be an expense of the Adviser, such use of commissions could be viewed as additional compensation to the Adviser. This may create a potential conflict of interest between the Adviser's fiduciary duty to operate the Funds and client accounts in the best interest of the Funds and the desire to receive or direct these "soft-dollar" benefits. As a result of receiving such services or products, the Adviser has an incentive to use, and to continue to use, such brokers and dealers to effect transactions for the accounts over which the Adviser or its affiliates exercise trading discretion so long as such brokers and dealers continue to provide such soft dollar credits to the Adviser.

Although the Adviser or its related Group entities attempt to maintain brokerage costs that are competitive by industry standards, the Adviser or its related Group entities also allocate brokerage business to brokers in part on the basis of certain considerations,

among them “soft dollar” arrangements, including the provision of internal and external investment research services, investment strategies, special execution capabilities, clearance, settlement, custody or other services including communications and data processing and other similar equipment and services, and the furnishing of stock quotation information. Research services may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations, performance measurement services, analysis concerning specific securities, companies or sectors, and market, economic and financial studies and forecasts. Research services may be in written or oral form or on-line. Any such brokerage and research services may be used for the benefit of any or all accounts managed by the Adviser and its affiliated advisers, and the brokerage and research services will not necessarily be used for the benefit of all accounts equally or for the accounts whose brokerage transactions generated the soft dollar credits. Such allocation is in such amounts and proportions as the Adviser or its related advisers determine in their sole discretion. The Adviser or its related York Group entities are authorized to pay any broker who provides such brokerage, research, or other service a commission for executing a transaction that is in excess of the amount of commission that broker or another broker would have charged for effecting that transaction if the Adviser or its related entities determine in good faith that such amount of commission is reasonable in relation to the value of the brokerage, research and other services provided by such broker.

The Adviser keeps its “Soft Dollar” expenditures within the 28(e) safe harbor. Some items are deemed “mixed use” in that they are partially within the “safe harbor” and partially outside. For those items, the Firm will use its discretion and best efforts to allocate the expenses according to what is deemed within and outside of 28(e). On occasion, Adviser enters into commission sharing arrangements whereby soft dollars, which have been generated, are paid to brokers who have provided research services in the past, in lieu of trading with those brokers.

See the attached list of the Firm’s “Soft Dollar” expenditures.

On some occasions, Adviser and its related entities may separate orders and send them to different executing brokers. This may result in two separate batch or block trades at approximately the same time for the same securities, which may be executed at different prices or at different brokerage commission rates from one another. This may result in less favorable pricing or commission rates than if they had been content in using block or batch trades for execution.

On occasion the Firm may “step out” or “step in” or send part or all of a commission to a broker who is not the executing broker.

Adviser personnel may receive or give certain gifts and gratuities from or to broker-dealers or other persons with whom Adviser, its affiliates or the Funds do business (including Funds portfolio brokers). This may include such things as tickets to sporting events, or the theater, meals and other entertainment, transportation, attendance at

seminars or other educational, training or informational events, logo items and other items of small value, gifts associated with life events such as birthdays, weddings, anniversaries, and other gifts of more substantial value. Receipt of such gifts and gratuities might be viewed as causing a conflict of interest for the Adviser in selecting brokers and dealers and other service providers.

### **Trade Error Policy**

Client account transactions may be effected on occasion in a manner that differs from what was intended for the account. Adviser reviews any trade errors that it discovers, on a case-by-case basis, and decides what corrective steps to take if any, after reviewing the error with one of the Firm's principals. Trade errors are often borne by the Funds themselves.

#### **Item 13. Review of Accounts**

The Fund is reviewed daily by the Registered Fund's Investment Committee. The members of Adviser's Investment Committee are James G. Dinan, Daniel A. Schwartz, and Jeanne Manischewitz. In addition, each of the Firm's Funds are reviewed regularly by the firm's Chief Financial Officer, Compliance Department, and Chief Investment Officer. The Compliance Department also reviews and tests the Funds regularly providing oversight and review of the trading activity and investment activity within each strategy.

Investors receive monthly capital account statements for their investments in each Fund. Additionally, investors receive monthly and quarterly written updates of the activity in their Fund and the relevant markets.

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

Adviser or the Funds or their affiliates may compensate broker-dealers for placement of investors in the Funds. The Adviser or the Funds or their affiliates may, from time to time, invest in a hedge fund which compensates broker-dealers for placement of investors in the Funds. The Funds may compensate third parties for referrals of clients to that Funds. The Adviser and/or other Firm entities, or the Unregistered Funds, may pay placement fees, certain expenses, and servicing fees to certain other broker-dealers or solicitors, acting as placement agents that place investors for the Unregistered Funds, as described in the offering documents of the relevant Unregistered Funds, that may be based on a percentage of the assets initially invested, or remaining invested over time, from the investor, or based upon fees received by Adviser, in respect of shareholders placed by that placement agent. The Funds occasionally invest in other funds which charge a fee in addition to the fees charged by the Firm. The Registered Fund and the Unregistered Funds may compensate broker-dealers, acting as their placement agents as described in the offering documents of the Funds.

Item 15.      Custody

Adviser may be deemed to have constructive custody of certain client assets as a result of fee payments or the service of its affiliates as general partners to private investment partnerships. Actual custody of Funds and other client assets, however, is at a broker-dealer, bank or trust company, not at Adviser. Currently, the Funds' assets are custodied at Goldman Sachs & Co., JP Morgan Chase Clearing Co., UBS, LLC, Credit Suisse Securities USA, Morgan Stanley, Inc., and Deutsche Bank Inc., except as otherwise disclosed in the disclosure documents for a particular Fund. Adviser's use of prime brokers is reviewed periodically and may change without notice. As such, investors receive capital account statements on a monthly basis, directly from Adviser's administrator, Goldman Sachs. Investors should carefully review all account statements.

Item 16.      Investment Discretion

Adviser exercises investment discretion over all of the accounts it manages. This authority is established through the subscription documents filled out and signed by each investor.

Item 17.      Proxy Voting

The Adviser has adopted proxy voting policies and procedures, to guide the Adviser's exercise of this responsibility on behalf of the Funds and other clients. Information on the proxy voting record of the Adviser is available upon request. The Firm uses the vendor Institutional Shareholder services ("ISS") to help track and document proxy votes. Each portfolio manager reviews the issue and votes in accordance with the best interests of the Funds. Usually, this vote is with management.

Funds advised by the York Group entities and separate accounts are supervised by certain members of the management team at Adviser, which may include members of the Investment Committee. In each case, the voting is subject to the advisory agreements of the respective Funds and managed accounts. With respect to shareholder governance, covenants, social issues and other votes, it is the policy of Adviser to discuss each of these votes and issues in order to determine its position on a case by case basis. Adviser may, upon occasion, delegate, pursuant to its approved voting procedures, the right to vote on particular issues to the individual monitoring that investment.

Adviser has in place procedures to identify conflicts it may have in voting proxies. In the event of a conflict, Adviser will either: (a) abstain from voting if the vote is not likely to be affected; (b) retain an disinterested third party adviser to advise on the vote; (c) vote the shares in proportion to other "yes" and "no" votes received by the issuer; (d) in the case of the Registered Fund, vote the shares as directed by a committee of independent directors; or (e) take such other actions, as may be appropriate in the particular context.

The Adviser publishes its votes annually as required by law. In addition, all votes are available to investors upon request.

Item 18. Financial Information

This section is not applicable to the Adviser.

Item 19. Management Persons

The following is a list of Adviser's management personnel:

James G. Dinan was born in 1959. He received a B.S. in Economics, *summa cum laude*, from the Wharton School of the University of Pennsylvania in 1981 and an M.B.A. from the Harvard Business School in 1985. Since 1991, Mr. Dinan has been involved with the management of investment Funds, including but not limited to York Capital Management, L.P., York Credit Opportunities Funds, L.P., York Global Value Partners, L.P., and related non-U.S. investment Funds. He is a member of the Firm's Investment Committee.

Daniel A. Schwartz was born in 1967. He joined Mr. Dinan in 1993 in the business of the management of investment Funds, and became a member of the managing partner of certain general partnerships which are Adviser's related persons ("Managing Partner") in 1996. Mr. Schwartz received a B.A., *magna cum laude*, from Yeshiva University and an M.S. in Industrial Engineering from Columbia University. He is a member of the Firm's Investment Committee.

Jeanne Manischewitz joined York in March 2005 and is a Senior Managing Director of the Firm, focusing on credit investments. She is also a Co-Portfolio Manager of the York Enhanced Strategies fund. From 2002 to 2005, Jeanne worked as a Senior Credit Analyst and Trader at Moore Capital Advisors LLC. From 1998 to 2002, she was a Vice President and Distressed Credit Analyst at Halcyon Partnerships. For the two years prior, she was an investment banker at Salomon Smith Barney Holdings Inc. Jeanne received a B.A. in Philosophy from Princeton University.

Jeffrey A. Weber was born in 1965. He is the President of the Adviser, having joined York in October 2004. From 1992 to 2004, he managed William A.M. Burden & Co., L.P., most recently as its President and Chief Executive Officer. Mr. Weber received a B.A., *cum laude*, from Williams College and an M.B.A. from Harvard Business School.

Adam J. Semler was born in 1964. He is the Chief Operating Officer of the Adviser, having joined the Firm in November 1995. He is a Certified Public Accountant. Mr. Semler received a B.B.A. from Emory University.

William Vratos was born in 1969. He is a Senior Managing Director of the Adviser, having joined the Firm in January of 2002. Mr. Vratos received his B.A. *cum laude* from Dartmouth College and his M.B.A. from Harvard Business School.

Christophe Aurand was born March 18, 1971. He is a Senior Managing Director and the Chief Investment Officer of York international. Mr. Aurand studied international finance and financial markets at Ecole Superieure de Commerce de Reims in Reims, France and received an M.B.A. with Honors from the Wharton School of the University of Pennsylvania.

Brooke Parish joined York Capital in 2003 and is a Senior Managing Director and a partner of the Firm. He is responsible for the management of the Investor Relations and Client Services Group. From 2001 to 2003, he worked as a Senior Vice President at Lazard Asset Management, where he focused on the distribution of hedge Funds products. For the year prior, Brooke was the Chief Product Officer at Scudder Weisel Capital. From 1993 to 2000, he was with Bessemer Group, Incorporated where he managed the Alternative Asset Management Group. Brooke received a B.A. in History from Hobart College.

John Fosina was born in 1959. He is a Managing Director and Chief Financial Officer of the Adviser, having joined the Firm in April 2010. Previously he spent 24 years at Merrill Lynch in a variety of senior finance and administrative roles. Among other positions, he was the Merrill Lynch Corporate Controller and Principal Accounting Officer. He received his B.S. in accounting from Wake Forrest University and is a Certified Public Accountant.

Mark D. Schein was born in 1966. He is a Managing Director and Chief Compliance Officer of the Adviser, having joined the Firm in January 2005. Previously, he spent three years at U.S. Trust Company and Schwab Capital Markets, where he was director of broker-dealer compliance and anti-money laundering compliance, respectively. Previously, he worked for six years as an assistant district attorney in Bronx County and five years as trial counsel in the NYSE enforcement division. He received his B.A. in Economics and American studies from Williams College and J.D. from Vanderbilt Law School.

James Buckman was born in 1944. Jim joined the Firm in 2007 and is the Vice Chairman and General Counsel of the Firm. From 1997 to 2006, Jim worked at Cendant Corporation, most recently as the Vice Chairman, General Counsel, and a Board Member. From 1992 to 1997, he worked at HFS Incorporated, most recently as a Senior Executive Vice President, General Counsel and Board Director. From 1990 to 1992, Jim was a Partner in the Corporate Finance Group at Troutman Sanders LLP. Jim received an A.B. in History from Fordham University and a J.D. from Yale Law School.

Item 20. Soft Dollar Vendors

The following is a list of vendors the adviser is currently paying for using soft dollars. This list may not be all inclusive and may be different from prior or future soft dollar lists included in the Form ADV. It is subject to change without notice.

Bloomberg Finance LP	Thomson Reuters Financial
Merger Market (US) Ltd.	Factiva
Moody's Analytics Inc.	Coverago, LLC
TSX, Inc. (Toronto Stock Exchange)	NYSE Market, Inc.
Strategic Financial Solutions, LLC	Russell Investment Group
Options Price Reporting Authority (CBOE)	
Street Account	American Metal Market
Wall Street Source	The Deal, LLC
Grant's	Marc Faber, Ltd.
Inside Mortgage Finance Publications, Inc	Jim Shaw/First Fax
Lexis-Nexis	Harrison Scott Publications Inc.
Perfect Information, Ltd.	Intex Solutions, Inc.
The markets.com, LLC	Standard & Poor's
Dow Jones & Co.	Trepp, LLC
Capital Structure, Ltd.	Michelle Applebaum Research
Dow Jones International	Institutional Shareholder Services
ICC Information, Ltd.	IBIS Worldwide Inc.
Guidepoint Global (discontinued)	Crain Communications, Inc.
Majestic Research, LLC	Union Gaming Research, LLC
Zetein Associates (discontinued)	

Some additional brokers and research providers are paid with soft dollars through a standard commission sharing arrangement with our soft dollar broker.



