

PART 2A OF FORM ADV
FIRM BROCHURE



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This Brochure provides information about the qualifications and business practices of Brigade Capital Management, LLC (“Brigade”). If you have any questions about the contents of this Brochure, please contact us at:

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The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority, and any references in this Brochure to Brigade as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about Brigade is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 3 – TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------------|
| ITEM 3 – Table of Contents | ii |
| ITEM 4 – Advisory Business..... | 1 |
| ITEM 5 – Fees and Compensation..... | 2 |
| ITEM 6 – Performance-Based Fees and Side-By-Side Management..... | 3 |
| ITEM 7 – Types of Clients | 4 |
| ITEM 8 – Methods of Analysis, Investment Strategies and Risk of Loss | 5 |
| ITEM 9 – Disciplinary Information..... | 8 |
| ITEM 10 – Other Financial Industry Activities and Affiliations..... | 9 |
| ITEM 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 10 |
| ITEM 12 – Brokerage Practices..... | 11 |
| ITEM 13 – Review of Accounts | 14 |
| ITEM 14 – Client Referrals and Other Compensation | 15 |
| ITEM 15 – Custody | 16 |
| ITEM 16 – Investment Discretion | 17 |
| ITEM 17 – Voting Client Securities | 18 |
| ITEM 18 – Financial Information..... | 19 |
| APPENDIX – Item 2 – Material Changes | |

ITEM 4 – ADVISORY BUSINESS

Brigade is a New York-based investment management firm that commenced operations in 2006. Donald E. Morgan III is Brigade's principal owner. Brigade provides discretionary investment advisory or sub-advisory services to its clients (the "Advisory Clients") which include:

- private investment funds (the "Private Investment Funds") for institutional and other sophisticated investors;
- separately managed accounts (the "Accounts"), including accounts established by registered investment companies ("RICs");
- joint venture arrangements ("JVs") with unaffiliated third parties; and
- other institutional or sophisticated investors.

Brigade's investment advisory services also include serving as a collateral manager to entities that operate as collateral loan obligations, collateral debt obligations or similar entities (hereinafter referred to collectively as the "CLO/CDO Funds," and collectively with the Private Investment Funds, the "Funds").

Brigade generally has broad and flexible investment authority with respect to the investment portfolios that it manages for its Advisory Clients. Brigade provides investment advisory services to its Advisory Clients with respect to a wide range of investments including: investments in long and short positions in securities issued by U.S. and international high yield issuers and related instruments; investments in distressed/special situation opportunities across capital structures and market capitalizations; investments in the broader credit markets, including investment grade bonds, high yield bonds, loans and credit default swaps; investments in derivatives and other hedging instruments including, but not limited to: options, commodities, swaptions and constant maturity swaps; and investments in a variety of aviation and aviation-linked transactions and securities.

Brigade does not tailor its advisory services to the individual needs of investors in the Funds ("Fund Investors") and does not accept Fund Investor-imposed investment restrictions.

When deemed appropriate, Brigade has established, and may in the future establish, Accounts for particular Advisory Clients. These Accounts are subject to investment objectives, guidelines, and restrictions, and fee arrangements and other terms that are individually negotiated with each such Advisory Client. These Account relationships generally involve significant account minimums.

As of December 31, 2010, Brigade manages approximately \$7.8 billion of Advisory Client assets, all on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Brigade generally charges each Advisory Client an asset-based investment management fee based on the value of the client's assets under management. In addition, certain Advisory Clients also pay Brigade a performance-based fee or incentive allocation. These fees/allocation are compensation to Brigade that is based on a share of capital gains on or capital appreciation of the assets of an Advisory Client. Fund Investors generally are subject to these management fees and incentive fees, as applicable, indirectly through their investment in a Fund. Brigade's fees are generally deducted from each Fund account by the client's custodian/administrator upon Brigade's instructions. Brigade generally bills the Accounts for fees incurred at such times and in such manner as agreed upon with each Account.

Management fees are generally charged quarterly in advance based on the value of the relevant assets as of the first day of the quarter. The range of annual management fees is generally from 0.30% to 1.5% of each Advisory Client's assets under management. Brigade refunds the unearned portion of any pre-paid management fees if the advisory contract is terminated with an Account or a withdrawal is made from a Fund before the end of a billing period. The Adviser generally determines the amount of the relevant refund on a pro rata basis, based upon the portion of the relevant period during which it provided services.

Brigade generally charges performance-based compensation to applicable Advisory Client accounts in an amount equal to 20% of the net profits (including realized and unrealized gains and losses) on an annual basis. With respect to certain Advisory Clients, a hurdle rate and/or other factors apply to the calculation of the performance-based compensation.

Fee arrangements with the Accounts are individually negotiated. In addition, some Accounts or Fund Investors may pay more or less than other Accounts or Fund Investors for the same management services, depending, for example, on when a Fund Investor subscribes (e.g., at a Fund's inception date), investment strategy, number of related investment accounts or total client assets under management with Brigade. In this regard, Brigade may waive or modify fees for Advisory Clients owned by or Fund Investors that are members, employees or affiliates of Brigade and relatives of such persons and certain large or strategic investors.

In addition to paying investment management fees and, if applicable, incurring performance-based fees/allocation, Advisory Clients, including the Funds, will also be subject to other investment expenses which may include:

- custodial charges, brokerage fees, commissions and related costs;
- interest expenses;
- taxes, duties and other governmental charges;
- transfer and registration fees or similar expenses;
- costs associated with foreign exchange transactions; and
- other portfolio expenses.

In addition, Fund Investors bear their pro rata share of the relevant Fund's operating and other expenses including, in addition to those listed above: legal, auditing, accounting, consulting and other professional expenses; administration expenses; research expenses; fees paid to the board of directors (if applicable); and other expenses related to the purchase, preservation, sale or transmittal of the Fund's assets. In the case of Funds structured as a "master-feeder" fund, such feeder Fund investors bear a pro rata share of the expenses associated with the related master fund.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Brigade and its investment personnel provide investment management services to multiple investment portfolios for multiple Advisory Clients. As described in Item 5, Brigade may receive performance-based compensation from certain Advisory Clients. However, Brigade is not entitled to receive performance-based compensation from all Advisory Clients. In addition, certain Advisory Client accounts may have higher management fees or performance-based compensation arrangements more favorable to Brigade than other accounts engaging in the same or similar investment activities. As a result, the potential exists for Brigade to seek to favor one Advisory Client over another Advisory Client in allocating investment opportunities or otherwise. In particular, Brigade may have a greater incentive to favor Advisory Clients that pay Brigade (and indirectly its investment personnel) performance-based compensation or otherwise pay higher fees, or in which Brigade personnel have more significant investments.

Brigade has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with different fee arrangements. Brigade reviews investment decisions for all Advisory Clients on a regular basis in order to ensure that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Brigade has implemented a detailed investment allocation policy and Brigade regularly reviews its trade allocations to ensure they are made in a manner that is fair and equitable to all Advisory Clients (as described in Item 12).

ITEM 7 – TYPES OF CLIENTS

As previously described in Item 4, Brigade's clients consist of private investment funds, registered investment companies and other institutional or sophisticated investors. With respect to the Funds, any initial and additional subscription minimums are disclosed in the relevant offering documents. With respect to the Accounts, Brigade determines the minimum investment amounts on a case-by-case basis with each Advisory Client. In general, such Accounts involve significant minimum investments.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Brigade utilizes a variety of investment strategies and has broad discretion in making investments for the Advisory Clients. The investment strategies summarized below are set forth in detail, in the governing documents for each Fund and in Brigade's agreements with each Account.

Methods of Analysis

Brigade utilizes a variety of resources or services to form an investment idea or strategy. In general, Brigade researches and screens investment ideas from a quantitative and qualitative point of view. Research typically includes reviewing the prospectus of the company as well as financial statements and SEC filings. Brigade also often seeks to speak with company management, analysts and seasoned sales professionals at major broker-dealers, third party industry experts, and others industry participants. Brigade also may generate ideas by reviewing industry reports and having discussions with third party industry experts. Brigade also develops and closely reviews internal valuations for potential investment targets, including asset coverage, free cash flow, and overall likelihood and severity of default.

Investment Strategies

Leveraged Capital Structures. Brigade manages Advisory Client portfolios that use a multi-strategy long/short investment strategy that focuses on investments throughout the capital structure of U.S. and international leveraged companies. The primary investment universe for these portfolios includes any issuer with debt or debt-like obligations rated below investment grade by one or more of the major rating agencies, or securities trading at yields comparable to the high yield market.

Credit Strategies. Brigade manages Advisory Client portfolios that focus primarily on investments in the credit markets and, more specifically, in secured bank loans. In addition to first lien senior secured loans, these portfolios may also invest in unsecured loans, second lien loans, mezzanine securities, debtor in possession loans, secured bonds and unsecured bonds.

Distressed Investing. Brigade manages Advisory Account portfolios that focus on distressed debt investing, capital structure arbitrage, leveraged and distressed equities, short positions in imminent bankruptcies, post-reorganization equities, trade claims and merger arbitrage.

Arbitrage/Derivative Strategies. Brigade manages Advisory Client portfolios that utilize a multi-strategy approach which includes one or more of the following: shorter maturity bonds versus credit default swaps ("CDS"); longer maturity bonds versus CDS; matched maturity bonds versus CDS; and long-protection positions in single-name CDS.

Aviation Strategies. Brigade's aviation strategies generally involve investments in two broad categories: public investments and private investments. These investments include, but are not restricted to, the following:

Public Investments

- Aircraft backed Enhanced Equipment Trust Certificates ("EETC's"), Equipment Trust Certificates ("ETC's"), Pass Through Certificates ("PTC's") and Aircraft Backed Securities ("ABS") (all of these are similar to collateralized bonds issued by airlines except for ABS which are issued by a trust, usually which purchase aircraft from a lessor upon formation);

- secured public aircraft or airline loans;
- secured public airline debtor in possession financing (“DIPs”);
- airline and aerospace CDS; and
- airline and aerospace converts, bonds, equities or options (although these will be primarily used for hedging purposes).

Private Investments

- Lease equity in aircraft or engine backed part-outs, operating leases or finance leases;
- Aircraft, engine, parts or other secured collateral senior or junior loans to airlines and lessor’s, which may include profit sharing arrangements;
- Aircraft residual value put options (which may be written by the Partnership);
- Illiquid EETC, ETC, PTC or ABS. Illiquid is defined as an EETC, ETC, PTC or ABS security which is not quoted by at least two different dealers within a weekly period; and
- Debt securities of entities which are engaged in the business of owning, operating or leasing aircraft.

Risks

Investing in securities involves significant risks, including the risk of loss of some or all of an investment. Prospective investors should speak with their legal, tax, and financial advisors prior to making an investment with Brigade. The following summary identifies the material risks related to Brigade’s significant investment strategies and should be carefully evaluated before making investment with Brigade; however, the following does not intend to identify all possible risks of an investment with Brigade or provide a full description of the identified risks.

High Yield Securities. Brigade may invest Advisory Clients in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal.

Distressed Investments. Certain Advisory Clients invest in troubled companies that are experiencing or are expected to experience severe financial difficulties. While these investments may result in significant returns, they involve a substantial degree of risk. These companies may never overcome their severe financial difficulties and may become subject to bankruptcy proceedings. Advisory Clients may lose their entire investment in a troubled company, or may be required to accept cash or securities with a value less than the Advisory Client’s investment. To the extent that Brigade manages a controlling stake, serves on a creditor’s or equity holder’s committee, or is deemed an affiliate of a particular company, its Advisory Clients may be subject to certain additional securities laws restrictions which could affect both the liquidity of the investment and the Brigade's ability to liquidate positions, due to market conditions, regulatory constraints or otherwise.

Loans. Certain Advisory Clients invest in corporate secured or unsecured loans acquired through assignment or participations. In purchasing participations, such Advisory Clients will usually have a

contractual relationship only with the selling institution, and not the borrower. Advisory Clients generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to certain changes to the loan agreement agreed to by the selling institution. The Advisory Clients may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

Derivatives. Swaps, and certain options and other custom derivative or synthetic instruments are subject to the risk of nonperformance by the counterparty to such instrument, including risks relating to the financial soundness and creditworthiness of the counterparty. In addition, investments in derivative instruments often involve a high degree of leverage, meaning the overall contract value (and, accordingly, the potential for profits or losses in that value) is much greater than the modest deposit used to buy the position in the derivative contract. Derivative securities can also be highly volatile. The prices of derivative instruments and the investments underlying the derivative instruments may fluctuate rapidly and over wide ranges and may reflect unforeseeable events or changes in conditions, none of which can be controlled by Brigade or the Advisory Client. Further, transactions in derivative instruments are not undertaken on recognized exchanges, and will expose the client's account to greater risks than regulated exchange transactions that provide greater liquidity and more accurate valuation of securities.

Short Selling. Brigade engages in short selling for certain Advisory Client portfolios. Short selling transactions entail the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the borrower might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Portfolio Turnover. Certain of Brigade's investment strategies may involve more frequent trading compared to more traditional investment strategies, which results in significantly higher commissions and charges to Advisory Client accounts due to increased brokerage, which will offset profits.

Leverage. Brigade may use significant leverage in connection with certain strategies. Leverage may be inherent in the instruments traded (e.g., certain derivatives) or may involve the borrowing of funds from brokerage firms, banks and other institutions in order to be able to increase the amount of capital available for marketable securities investments. Performance may be more volatile if an Advisory Client's portfolio employs leverage.

Airline Investments. Certain Advisory Clients invest in aviation-related securities and lease, sell or part out aircraft to commercial airline customers. The value of such securities and the ability of the Advisory Clients to lease, sell or part out its aircraft will depend on the financial condition and growth of the commercial airline industry. A deterioration in the financial condition of the commercial airline industry may have an adverse impact on such securities and/or the their ability to lease, sell or part out such aircraft on acceptable terms or at all, because of: (a) downward pressure on demand for the aircraft in the Advisory Client's portfolio from time to time and reduced market lease rates and lease margins; and (b) a higher incidence of lessee defaults, lease restructurings, repossessions and airline bankruptcies and restructurings, resulting in lower lease, sale or part out margins due to maintenance and legal costs associated with the repossession, storage and remarketing costs, as well as lost revenue for the time the aircraft are off-lease and possibly lower lease rates from the new lessees.

ITEM 9 – DISCIPLINARY INFORMATION

This Item does not apply to Brigade.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Brigade serves as investment manager to the Private Investment Funds and its related person serves as general partner to certain of the Private Investment Funds. In addition, Brigade's principals serve as directors of certain of the Private Investment Funds.

Each of the Private Investment Funds for which Brigade or its related persons serves as general partner or investment manager has and may in the future enter into agreements, or "side letters," with certain prospective or existing Fund Investors whereby such Fund Investors may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum for a given Private Investment Fund. For example, such terms and conditions may provide for special rights to make future investments in the Private Investment Fund, other investment vehicles or managed accounts; special redemption rights, relating to frequency or notice; a waiver or rebate in fees or redemption penalties to be paid by the Fund Investor and/or other terms; rights to receive reports from the Private Investment Fund on a more frequent basis or that include information not provided to other Fund Investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights, standards, waivers or modifications as may be negotiated by the Private Investment Fund and such Fund Investors. The modifications are solely at the discretion of the Private Investment Fund and may, among other things, be based on the size of the Fund Investor's investment in the Private Investment Fund or an affiliated investment entity, an agreement by a Fund Investor to maintain such investment in the Private Investment Fund for a significant period of time, or other similar commitment by a Fund investor to the Private Investment Fund.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser has adopted a Code of Ethics (the “Code”) that sets forth Brigade’s standard of business conduct that takes into account Brigade’s status as a fiduciary. The Code generally requires Brigade and its “Access Persons” to place the interests of Advisory Clients and Fund Investors above their own interests and the interests of Brigade. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Brigade’s Chief Compliance Officer (the “Chief Compliance Officer”). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter. Access Persons include, generally, any partner, officer or director of Brigade and any employee or other supervised person of Brigade who, in relation to the Advisory Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All Brigade employees are deemed to be Access Persons.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

Brigade generally does not permit Access Persons to execute transactions in the types of securities that the Advisory Clients typically invest in. However, Brigade generally will permit Access Persons with pre-existing positions (e.g., positions held at the time a person becomes an Access Person) to close out or cover such positions as long as the Advisory Clients have not traded in such securities or plan to trade in such securities within 7 days. Brigade monitors all Access Person personal securities transactions through the reporting and pre-clearance requirements described above.

Brigade and its personnel may have conflicts in allocating their time and services among the Advisory Clients. Brigade will devote as much time to each of the Advisory Clients as it deems appropriate to perform its duties in accordance with its investment management agreements. In addition, Brigade, its affiliates and employees may conduct outside business activities. Pursuant to the Code, such activities are subject to disclosure and pre-approval.

Brigade and its related persons have a material financial interest with respect to fees paid by Fund Investors. In addition, such related persons invest directly in certain of the Advisory Clients. These factors could create an incentive for Brigade to make investment decisions that are different from those that would be made if such parties did not have such interests. Advisory Clients and Fund Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment. Brigade also conducts regular monitoring of Advisory Client portfolios, as described in Item 13.

The Code also seeks to ensure the protection of non-public information about the activities of the Advisory Clients. Advisory Clients, Fund Investors, prospective Advisory Clients, and prospective Fund Investors may obtain a copy of the Code by contacting the Chief Compliance Officer at sv@brigadecapital.com or (212) 745-9700.

ITEM 12 – BROKERAGE PRACTICES

Brigade considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. In selecting brokers or dealers to execute transactions, Brigade is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission. Brigade generally does not seek to invest in securities for which there is a wide market. Brigade, therefore, usually is limited in the selection of brokers, dealers or other counterparties to execute transactions on behalf of the Advisory Clients. In situations where multiple counterparties can execute a given transaction, Brigade will seek to obtain best execution for its Advisory Clients, taking into account the following factors:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of the order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- the broker's risk in positioning a block of securities; and
- access to deals or instruments that Brigade wants to invest in and the competitiveness of commission rates in comparison with other counterparties satisfying Brigade's other selection criteria.

Subject to the objective of seeking best execution, Brigade also may take into consideration research and other brokerage services provided by the broker executing trades, which are included in the commission rate. When Brigade uses Advisory Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to produce or pay for the research, products or service, and these benefits provide an incentive for Brigade to select a broker-dealer based on its interest in receiving such products or services, rather than on Advisory Clients' interest in receiving best execution.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Brigade limits the use of "soft dollars" to obtain research and brokerage services that fall within the Section 28(e) safe harbor. In the past year, research and related services furnished by brokers included, among other things, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; and statistical and pricing services, as well as discussions with research personnel.

In some instances, Brigade could receive a product or service that may be used only partially for functions within Section 28(e). In such instances, Brigade will make a good faith effort to determine the relative proportion of the product or service used to assist Brigade in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Brigade in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Brigade from its own resources.

Research and brokerage services obtained by the use of commissions arising from certain of its Advisory Clients accounts' portfolio transactions may be used by Brigade in its other investment activities and for other Advisory Clients and thus Advisory Clients may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although Brigade will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between Brigade and the Advisory Clients.

In selecting brokers to execute transactions on behalf of the accounts of certain of its Advisory Clients, Brigade may place transactions with a broker or dealer that (i) provides Brigade with the opportunity to participate in capital introduction events sponsored by the broker-dealer; or (ii) refers investors to a Private Investment Fund, Account or other products advised by Brigade, if otherwise consistent with seeking best execution. While Brigade recognizes that it may have an incentive to favor broker-dealers that provide capital introduction services to Brigade or otherwise refer prospective Advisory Clients or Fund Investors, Brigade does not select broker-dealers in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

Brigade addresses the potential conflicts of interest in connection with its brokerage practices through its best execution review process. Brigade's best execution review process includes an analysis of overall performance of broker-dealers in light of the amount of business directed to such broker-dealers. To the extent Brigade determines that the amount of business directed to a particular broker-dealer is inconsistent with the overall performance of such broker-dealer, Brigade will work towards scaling back the amount of business directed to the broker-dealer unless there is a compelling reason for such allocation, including, but not limited to, the availability of a particular security or their expertise in a particular sector.

When appropriate, Brigade may, but is not required to, aggregate Advisory Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Advisory Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

Brigade will act in a fair and equitable manner in allocating investment and trading opportunities, including private placements, among the Advisory Clients. In furtherance of the foregoing, Brigade will consider participation in all appropriate opportunities within the purpose and scope of each Advisory Client's objectives, and Brigade will evaluate such factors as it considers relevant in determining whether a particular situation or strategy is suitable and feasible for each Advisory Client (which factors may include the investment restrictions and objectives of each Advisory Client, diversification, covenants and other limitations in the governing agreements, relative size of the Advisory Client, available cash, the nature of the opportunity in the context of the Advisory Client's other positions at the time, risk tolerance, liquidity requirements, required credit ratings, duration targets and/or constraints, existing asset allocation targets, minimum investment size, maximum investment size, tax implications, legal, contractual or regulatory constraints). Brigade is not obligated to purchase or sell for each Advisory Client every security which Brigade or its employees may purchase or sell for other Advisory Clients, if such a transaction or investment appears unsuitable, impractical or undesirable for the Advisory Client; provided that Brigade, to the extent within its control, will not favor itself in any way to an Advisory Client's detriment and will act in a manner that over the long term is fair and equitable to all its Advisory Clients. Notwithstanding the foregoing, it should be noted that Brigade (for a variety of reasons) may allocate trades solely to one Advisory Client, on a non-pro rata basis or on a pro rata basis across only those Advisory Clients for whom the trade is appropriate based on investment strategy as determined by Brigade.

In the event that an investment opportunity is appropriate for more than one Advisory Client but is not allocated between such Advisory Clients on a pro rata basis, the Lead Portfolio Manager, Portfolio Manager, or a designee, will document the reasons why such opportunity was not allocated pro rata between the Advisory Clients directly in the proprietary software system developed by Brigade.

ITEM 13 – REVIEW OF ACCOUNTS

Donald E. Morgan, III, Managing Member of Brigade, serves as the Lead Portfolio Manager for the Advisory Clients and is responsible for selecting investments. Mr. Morgan is assisted by Brigade's team of investment professionals (the "Investment Team").

Mr. Morgan and the Investment Team regularly review each Advisory Client's portfolio with regard to investment policy, the suitability of the investments used to meet policy objectives, cash availability and the investment objectives of the portfolio. All members of the Investment Team review a portfolio report on a daily basis to ensure accuracy of all securities and quantities contained therein as well as exception report/matrix for applicable portfolio limits. In addition, Brigade's back office reviews the portfolio report on a daily basis to ensure accuracy and daily compliance reporting and has developed its own proprietary software application and trading module designed to ensure compliance with account restrictions and allocation policies.

A Risk Committee consisting of the Lead Portfolio Manager, Benjamin Renshaw (a portfolio manager to the Funds), Chief Operating Officer, General Counsel/Chief Compliance Officer, Chief Financial Officer, Head Trader and other Brigade personnel, meets weekly. Messrs. Morgan and Renshaw conduct regular credit/portfolio meetings with the Investment Team to discuss the firm's investment portfolio and related strategy. Messrs. Morgan and Renshaw will consult with other members of senior management as appropriate about such credit/portfolio meetings. A Pricing Committee consisting of the Lead Portfolio Manager, Chief Operating Officer, General Counsel/Chief Compliance Officer, Chief Financial Officer, Head Trader and other Brigade personnel meets monthly.

Generally, Fund Investors receive unaudited, estimated performance updates on a monthly basis and will typically receive weekly performance estimates upon request. Fund Investors are furnished with annual audited financial statements after the close of the fiscal year.

Pursuant to the indenture governing the relevant CLO Fund, the trustee to the CLO Fund is required to deliver monthly reports to investors in the CLO Funds and other periodic reports regarding the collateral.

Reporting to other Advisory Clients is subject to terms that are individually negotiated.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

This Item does not apply to Brigade.

ITEM 15 – CUSTODY

As permitted under the custody rule, investors in the Private Investment Funds, and certain Account clients that are themselves pooled investment vehicles, are generally provided with their respective annual audited financial statements within 120 days of each year-end, in lieu of having a qualified custodian send account statements directly to such investors. Certain other Advisory Clients may receive account statements from a broker-dealer, bank or other qualified custodian on a quarterly or more frequent basis. In such cases, the Advisory Client should carefully review those statements.

ITEM 16 – INVESTMENT DISCRETION

Brigade provides investment advisory services on a discretionary basis to its Advisory Clients. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

Prior to assuming discretion in managing a client's assets, Brigade enters into an investment management agreement or other agreement that sets forth the scope of its discretion.

Brigade may effect cross transactions, between discretionary Advisory Client accounts, except where prohibited under the agreement with the Advisory Client or prohibited under applicable law. Cross transactions enable the Adviser to effect a trade between two Advisory Clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Brigade has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions.

If it appears that a trade error has occurred, Brigade will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Brigade's error correction procedure is to ensure that clients are treated fairly. Brigade has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of Brigade's gross negligence, trade errors will be corrected by Brigade as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above or otherwise specified in the agreement with an Advisory Client are borne by the client account.

ITEM 17 – VOTING CLIENT SECURITIES

Brigade has authority to vote Advisory Client securities. Currently, no Advisory Clients have retained the authority to direct Brigade's vote.

Brigade has adopted proxy voting policies and procedures that address how Brigade votes proxies. The policy is based on the principle that Brigade and its employees owe a fiduciary duty to Advisory Clients and Fund Investors. Brigade has a proxy voting committee (the "Proxy Voting Committee") that is responsible for proxy voting issues. Prior to Brigade voting any proxies, the Chief Compliance Officer and other members of the Proxy Voting Committee determine if there are any material conflicts of interest related to the proxy in question and assuming no material conflicts of interest exist, ensure that the voting recommendation of the analyst responsible for the credit is consistent with the guidelines set forth in Brigade's Compliance Manual. Brigade keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Brigade's response for the previous five years. Brigade's Advisory Clients may obtain (i) a copy of Brigade's proxy voting policies and procedures and (ii) information on how Brigade has voted proxies with respect to the Advisory Client's securities by contacting Brigade's Chief Compliance Officer at 399 Park Avenue, 16th Floor, New York, NY 10022, telephone (212) 745-9700 or at sv@brigadecapital.com. Members of the Proxy Voting Committee include the Chief Compliance Officer, Chief Operating Officer, Chief Financial Officer, Managing Member and/or the Portfolio Manager/Analyst responsible for covering the subject issuer.

ITEM 18 – FINANCIAL INFORMATION

This Item does not apply to Brigade.