

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of VERMILLION ASSET MANAGEMENT, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212 683-8816 or via email at investorrelations@vam.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.

VERMILLION ASSET MANAGEMENT, LLC is a registered investment adviser. Registration of an investment adviser does not imply a certain level of skill or training. This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein.

Additional information about VERMILLION ASSET MANAGEMENT, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The Adviser has made certain material changes to the last annual update of this Brochure dated March 31, 2015, as summarized below.

- 1. Item 4 (Advisory Business):** This Item has been updated to reflect that as of June 30, 2015, TC Group, L.L.C.'s equity interest in the Adviser increased from 55% to approximately 83%. As of that date, Andrew Gilbert and Chris Nygaard, the Adviser's founding partners, no longer serve on the Adviser's Operating Committee and are no longer involved with the day-to-day management of the Adviser's business. Conforming changes in Items 10(c) and 13(a) have been made to reflect this change in ownership.

As disclosed in its previously filed Brochure, in December of 2013, Carlyle Select Trust (the "Trust"), a Carlyle affiliate, filed a Registration Statement with the Securities and Exchange Commission with the intent of launching in 2014 two registered investment companies ("RICs"), each constituting a series of the Trust. The Adviser planned to act as sub-adviser to one of the two RICs; however this RIC had not yet commenced operations as of the Adviser's previously filed Brochure. The other RIC commenced operations during 2014. On April 17, 2015, the Board of Trustees of the Trust approved a Plan of Liquidation (the "Plan") that called for the complete liquidation of each series of the Trust, effective on or about May 18, 2015. Accordingly, the Adviser will not act as sub-adviser with respect to the RIC, as previously intended. Please refer to Item 4 for additional information.

- 2. Item 10 (Other Financial Industry Activities and Affiliations):** This Item has been updated to reflect that as of June 30, 2015, TC Group controls all decisions concerning the Adviser. Previously, TC Group had a consent right over certain Adviser actions. Please refer to Item 4 for additional information.
- 3. Item 11 (Code of Ethics) –** This Item has been updated to reflect current practice with respect to pre-approval of cross transactions. Please refer to Item 11 for additional information.

You may request a copy of our Brochure by contacting Christopher Zuech, Chief Compliance Officer at 212-683-8816 or via email at investorrelations@vam.com.

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Item 4 – Advisory Business

- A. General Description of Advisory Firm:** The Adviser is a Delaware limited liability company that provides investment advisory services to various private investment funds. The Adviser commenced operations in 2005. The principal owner of the Adviser is TC Group, L.L.C. (“TC Group”), which entity is a part of The Carlyle Group (“Carlyle”). TC Group acquired a 55% equity interest in the Adviser on October 1, 2012 and increased its ownership to approximately 83% on June 30, 2015. TC Group continues to be the Managing Member of the Adviser. The Adviser’s day-to-day ordinary course of business operations are managed by the Adviser’s Chief Operating Officer who is supported in his efforts by certain members of Carlyle’s Global Market Strategies Group, the business unit of Carlyle within which the Adviser resides. At the time of the 2012 acquisition, the Adviser established an Operating Committee which is currently comprised of certain Carlyle and Vermillion representatives who review and make decisions jointly with respect to certain matters outside the ordinary course of the Adviser’s business.
- B. Description of Advisory Services:** The Adviser provides investment advisory services on a discretionary basis to clients, which are commingled investment vehicles intended for institutional investors and other sophisticated investors. The Adviser’s advisory services focus on commodities trading, including executing trading strategies in global commodities, physical commodities, volatility, equities and derivatives.

As of the date hereof, the Adviser provides investment advisory services to six fund groups (each a “Fund Group” and collectively, the “Fund Groups”). The Fund Groups are comprised of the private investment funds (each referred to herein as a “Fund” and collectively as the “Funds”) and a multi-series special purpose vehicle identified below.

The Aeris Funds (collectively referred to herein as the “Aeris Funds”)

- *Aeris Metals Fund, LP* (“Aeris LP”) – onshore feeder fund into master fund, Aeris Metals Ltd.
- *Aeris Metals Fund, Ltd.* (“Aeris Ltd”) – offshore feeder fund into master fund, Aeris Metals, Ltd.
- *Aeris Metals, Ltd.* – offshore master fund

The Celadon Funds (collectively referred to herein as the “Celadon Funds”)

- *Celadon Commodities Fund, LP* (“Celadon LP”) – onshore feeder fund into master fund Celadon Commodities, Ltd.

- *Celadon Commodities Fund, Ltd.* (“Celadon Ltd”) – offshore feeder fund into master fund Celadon Commodities, Ltd.
- *Celadon Commodities, Ltd.* - offshore master fund

The Crimson Funds (collectively referred to herein as the “Crimson Funds”)

- *Crimson Physical Commodities Fund, LP* (“Crimson LP”) - onshore feeder fund into master fund, Crimson Physical Commodities, Ltd.
- *Crimson Physical Commodities Fund, Ltd.* (“Crimson Ltd”) - offshore feeder fund into master fund, Crimson Physical Commodities, Ltd.
- *Crimson Physical Commodities, Ltd.* – offshore master fund

The Viridian Funds (collectively referred to herein as the “Viridian Funds”):

- *Viridian Fund, LP* (“Viridian LP”) – onshore feeder fund into master fund, Viridian, Ltd.
- *Viridian Fund, Ltd.* (“Viridian Ltd”) – offshore feeder fund into master fund, Viridian, Ltd.
- *Viridian, Ltd.* – offshore master fund
- The Adviser has established a Chinese subsidiary, Vermillion Trading (Shanghai) Co Ltd. (“Vermillion Trading (Shanghai)”) which is registered as a commodities trading company in China (Shanghai) Pilot Free Trade Zone. Although it is not currently conducting commodities investing in Shanghai, China, Viridian, Ltd. has, in the past, conducted and may, in the future, conduct business in Shanghai. To the extent Viridian, Ltd. or other Funds conduct commodities investing activities in Shanghai, they will do so through Vermillion Trading (Shanghai), or as otherwise required by Chinese law.

Seaborne Limited (referred to herein as “Seaborne”) – offshore fund of one

VMF Special Purpose Vehicle SPC: The VMF Special Purpose Vehicle SPC is a multi-series special purpose vehicle (the “SPV”) that is organized as an offshore private fund. The SPV serves as a vehicle to hold certain investments for any one or more of the Funds described above. The SPV has no Investors other than Funds. Investors cannot invest directly in the SPV.

Aeris LP, Crimson LP, Celadon LP and Viridian LP are herein referred to as the “Onshore Funds”. Aeris Ltd, Seaborne, Crimson Ltd, Celadon Ltd and Viridian Ltd are herein referred to as the “Offshore Funds”. Investors in the

Funds are referred to herein as “Investors”. From time to time, the Funds and the SPV collectively may be referred to herein as “Clients” of the Adviser. Unless otherwise expressly stated herein, the term “Clients” does not include “Investors”, and the term “Investors” does not reference public unitholders of The Carlyle Group L.P., the publicly traded partnership affiliate of Carlyle.

Carlyle Global Market Strategies Commodities Funding Notes: In addition to the Funds and the SPV, the Adviser serves as the investment manager to Carlyle Global Market Strategies Commodities Funding 2014-1, Ltd, Carlyle Global Market Strategies Commodities Funding 2014-1, LLC, Carlyle Global Market Strategies Commodities Funding 2015-1 Ltd, and Carlyle Global Market Strategies Commodities Funding 2015-1, LLC (collectively, the “Note Issuers”), the co-issuers of two series of senior secured floating rate and subordinated notes. The primary investment strategy of the Note Issuers is to invest in structured commodity transactions (“Structured Transactions”). It should be noted that the Note Issuers do not hold “securities portfolios” under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and therefore are not included as “Clients,” included as part of the Adviser’s “regulatory assets under management,” or otherwise discussed herein, except in regard to the Adviser’s allocation policy as addressed in Item 11. The Adviser may in the future serve as the investment manager to other structures with substantially similar investment characteristics and terms, which are also referenced as “Note Issuers” hereunder.

- C. Availability of Tailored Services for Individual Clients:** The Adviser does not generally tailor its advisory services to the individual needs of Clients. All Client assets are managed by the Adviser on a discretionary basis.

The Funds have individual investment guidelines and objectives, as detailed in their respective offering memoranda (each, an “Offering Memorandum”, and collectively the “Offering Memoranda”). An Investor has no ability to restrict the types of investments that the Adviser may make.

As noted above, the SPV serves as a vehicle to hold certain investments for any one or more of the Funds managed by the Adviser. The Adviser chooses investments to be held by the SPV for reasons of operational efficiency or in order to segregate an asset.

- D. Wrap Fee Programs:** The Adviser does not participate in wrap fee programs.
- E. Client Assets Under Management:** As of July 1, 2015, the amount of regulatory assets under management that the Adviser managed on a

discretionary basis was approximately \$709,764,865. The Adviser manages zero assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. Advisory Fees and Compensation:** The Adviser or its affiliates generally receive management fees and performance-based (incentive) fees from Clients, and periodically reduce, waive or rebate such fees, including those otherwise payable by affiliates. In general, the specific legal and/or organizational documents of the relevant Client or the investment advisory agreement between the Adviser and such Client describe the basic fee structure relevant to such Client. In addition, the Offering Memoranda for the Funds describe the basic fee structure relevant to Investors in each Fund.

The SPV does not charge any management or performance fees to the Funds, but may charge a Fund certain fees and expenses directly related to the investments that it holds on such Fund's behalf (e.g., transaction fees, storage fees, insurance costs).

The following sections discuss the Adviser's fees and expenses in more detail.

- B. Payment of Fees:** For the Funds, fees charged are deducted from Investor accounts. Investors are not separately billed for fees charged. Management fees are calculated and accrued monthly and payable quarterly. If an Investor makes a contribution to, or a withdrawal from, a Fund on a date other than the end of a calendar quarter, the management fee is pro-rated. Performance (incentive) fees are calculated and payable annually (unless an Investor redeems during the year, in which case such fees are payable at the time of redemption). See Item 6 for additional information related to performance fees.

An Investor's monthly account statement shows an Investor's asset value in the Fund net of all fees and expenses.

- C. Other Fees and Expenses:** Each Fund pays all of the direct costs and expenses associated with its operations. These include, without limitation:

(a) all expenses related to the ongoing offering of interests in a Fund and filing fees;

(b) all taxes imposed on a Fund (or that a Fund is required to withhold or pay with respect to any of its Investors);

(c) all brokerage fees and commission expenses or other expenses of transactions engaged in by a Fund;

- (d) all commitment fees and interest charged on debit balances and monies borrowed in connection with a Fund including, without limitation, positions held on margin;
- (e) all auditing expenses incurred in connection with a Fund and the preparation of tax returns;
- (f) all legal fees and expenses;
- (g) all accounting fees and expenses;
- (h) all research fees and expenses, including research-related travel;
- (i) all exchange, board of trade or other trading or execution facility membership or participation expenses;
- (j) all bookkeeping, recordkeeping, administration and clerical fees and expenses;
- (k) all printing and duplication expenses;
- (l) all market data, newswire and data processing expenses, and software and connectivity charges;
- (m) all custody charges;
- (n) the expense of errors and omissions and other appropriate insurance coverage with respect to a Fund and its management and operations;
- (o) all fees and costs payable in connection with preparing and mailing reports to Investors;
- (p) Directors' fees (if applicable);
- (q) all other ordinary and out-of-pocket expenses of the Fund; and
- (r) all expenses not in the ordinary course of business incurred in connection with the operation of a Fund, including, without limitation, (A) litigation expenses, including expenses of litigation and settlement in connection with any portfolio investment, (B) expenses of registering a Fund (but not the Adviser or any of its affiliates) with any federal or state agency under the requirements of any applicable law, including without limitation, the Investment Company Act of

1940, as amended (the “Investment Company Act”), and (C) expenses incurred in connection with the indemnification of the Adviser and any other of its employees or affiliates.

In addition, for so long as a feeder fund maintains its investment in its master fund, such feeder fund will bear its *pro rata* portion of the expenses incurred by the master fund.

As noted above, Investors in the Funds also incur brokerage and other transaction costs because the Funds pay those fees from Fund assets. Each Offering Memoranda discusses these brokerage and transaction costs, and the factors related to how brokers are selected. Item 12 below also further describes the factors that the Adviser considers in selecting broker-dealers for transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The Viridian Funds, Celadon Funds, Crimson Funds, and Aeris Funds charge an early withdrawal fee for withdrawals within 12 months of initial investment equal to 3% of withdrawal proceeds at the time of withdrawal.

Investors are subject to the foregoing fees and expenses regardless of whether any profit is made on investments.

- D. Prepayment of Fees:** Management fees for the Funds are typically paid by Investors prior to full accrual for greater operational efficiency, however, at the discretion of the Adviser (or its affiliate), these fees may be paid by Investors in arrears. As noted in Item 5.B above, management fees are calculated and accrued monthly and payable quarterly. Once charged to an Investor’s account, there is no refund of any of the fees and expenses that have been charged. Note that the performance fee is not paid in advance.
- E. Additional Compensation and Conflicts of Interest:** No supervised person of the Adviser accepts compensation for the sale of securities or investment products to the Funds.

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

The Adviser charges the Funds performance-based fees (sometimes called an “incentive fee” or “incentive allocation”). These performance-based fees vary among the Funds. (The Adviser does not charge the SPV a separate performance-based fee.) The incentive allocation, once made, is not subject to claw-back by Investors in the event of subsequent losses. Thus, an Investor may be subject to an incentive allocation even when it did not receive a profit during the entire term of its investment.

Because the Adviser and its investment personnel manage more than one Client account, the potential exists for one Client to be favored over another Client. In particular, the Adviser and its investment personnel have a greater incentive to favor Clients that pay the Adviser (and indirectly its investment personnel) higher performance-based fees. In addition, the principals and certain employees of the Adviser may have personal investments in one or more of the Funds, and such investments may not be proportionate among the various Funds. Accordingly, the Adviser may have an incentive to favor Funds in which its principals or employees have a greater interest.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Client accounts. The Adviser reviews Fund performance as part of the daily review of risk reports conducted by members of the Adviser's Risk Committee and as part of the Adviser's quarterly Portfolio and Compliance Review Committee (the "PCRC") meetings. See Item 11 for discussion of the Adviser's allocation policies. The Adviser prohibits the allocation of investment opportunities based on anticipated compensation or profits to the Adviser, any affiliates or their professionals.

Performance fees are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder. Therefore, the Adviser seeks to ensure that any Client or investors in a Client that are directly or indirectly assessed performance fees satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees and their risks.

Item 7 – Types of Clients

The Adviser currently provides advisory services with respect to the Funds and the SPV.

The minimum initial investment in all Funds is \$1,000,000, subject to waiver, reduction, or increase by the relevant Fund's General Partner or Board of Directors, as the case may be (but, for the Offshore Funds, in no event will the minimum be less than \$100,000).

Potential Investors in the Funds must be "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (ii) "qualified purchasers" as defined under the Investment Company Act and (iii) knowledgeable and experienced in financial and business matters such that they are capable of evaluating the merits and risks of an investment in a Fund and otherwise must meet the requirements set forth in the Funds' subscription documents in order to invest in the Funds.

Once invested in a Fund, an Investor may maintain an investment in such Fund without reference to a minimum investment amount. Certain employees of the Adviser and personnel of The Carlyle Group invest in the Funds at less than the \$1,000,000 minimum requirement.

As described above, the SPV's sole purpose is to hold certain investments on behalf of one or more Funds and the concept of minimum investment is not applicable to the SPV. Investors cannot invest directly in the SPV.

The Adviser may from time to time enter into letter agreements or other similar agreements (collectively, "Side Letters") with one or more Investors of a Fund. Side Letters may provide such Investor with additional and/or different rights than such Investors would have pursuant to the general terms of a Fund. The Adviser will not be required to notify any or all of the other Investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor will the Adviser be required to offer such additional and/or different rights and/or terms to any or all of the other Investors.

Such rights or terms in any such side letter may include, without limitation, (i) fee and other economic arrangements with respect to such Investor; (ii) withdrawal rights from the Fund, including without limitation, as a result of an Investor's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan Investors, (which may materially increase the percentage interest of other Investors in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the Fund); (iii) additional or modified reporting obligations; (iv) waiver of certain confidentiality obligations; (v) prior consent of the general partner (or similar managing fiduciary) to certain transfers by such Investor; (vi) rights or terms necessary in light of particular legal, regulatory or policy characteristics of an Investor; (vii) potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan Investors; and (viii) additional obligations with respect to tax and regulatory considerations of particular Investors.

As noted above, except as otherwise agreed with an Investor, the general partner (or similar managing fiduciary) of a Fund does not have an obligation to give Investors notice of any side letters entered into. However, subject to confidentiality obligations, the general partner (or similar managing fiduciary) will consider, upon request, making available copies of all side letters or a compendium containing the provisions of any such side letters, which may be redacted of any identifying information.

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

A. Methods of Analysis and Investment Strategies:

Broadly, the Adviser's methods and strategies attempt to extract substantial risk-adjusted returns in the commodities markets by executing trading strategies in global commodities, physical commodities, volatility, equities, and derivatives. The Adviser specializes in trading a broad range of instruments, including physical commodities, both exchange-traded and over-the counter, and commodity derivatives, including futures and options. From time to time, the Adviser may, on behalf of the Funds, trade in the debt and equity securities of commodities-related issuers.

In providing investment advisory services, the Adviser analyzes trading opportunities through a variety of methods, including fundamental analysis of the commodities involved, historical spread price analysis, cyclical statistical analysis, seasonal analysis, correlation analysis and futures and forwards curves. The Adviser performs analyses and research on the underlying economic factors that affect supply and demand in commodity interests and securities over time, as well as across different geographic regions and markets. The Adviser may also utilize quantitative and fundamental methodologies to analyze securities and derivatives to locate inefficiencies within their related markets. The Adviser monitors related commodity interest prices and securities prices, as well as their respective physical prices and basis levels in different geographic regions and markets, and compares instrument prices to their calculated theoretical fair values.

In addition, the Adviser has authority to trade physical commodities, and the ability to arrange for the transportation and negotiate storage of physical commodities. The Adviser also has the authority to trade OTC forward contracts in commodities (both priced and unpriced) and is both willing and able to trade front-month futures within the delivery period and thereby potentially take advantage of extreme seasonal moves in price and inventory aberrations. In addition, the SPV has the capability to be the exporter of record of commodities and thereby make use of government export subsidies when available.

As noted above, the Fund Groups are focused on investments in the commodities markets. The Viridian Funds are relative value commodities funds. The Celadon Funds are enhanced-beta commodities funds. The Crimson Funds are long-biased physical commodities funds. The Aerie Funds are relative value and hedged trading commodities funds focusing on the precious and base metals sectors. Seaborne's primary investment strategy is to invest exclusively in forward freight agreements on an unleveraged basis.

Please see the applicable Offering Memorandum for a full description of investment strategies utilized for a particular Fund.

Investing in the Funds is highly speculative and involves risk of loss that investors should be prepared to bear. Only sophisticated persons who are able to bear the economic risk of the loss of all or a portion of their investment should invest. There is no guarantee that investment objectives will be achieved.

B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities:

Investing in commodities, securities, futures, options and other derivatives is extremely speculative and Clients and Investors can lose their entire investment. Such investments fluctuate in value on the basis of numerous factors, sometimes unrelated to the value or characteristics of the particular financial instrument or issuer, and those fluctuations can be pronounced and difficult to predict.

All investments risk the loss of capital. Past performance is not a guarantee of future results and individual account performance will vary. Performance could be negatively impacted by a number of different risks, and certain principal material risks of the Adviser's investment strategy are summarized below. Fund Investors also should carefully read the applicable Offering Memorandum for a full description of risk factors relevant to the particular Fund in which they are investing. **This Form ADV Part 2A is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operation of the Funds.**

- **Nature of Investments.** The nature of the commodity interests and securities to be purchased and traded by the Adviser and the investment techniques and strategies to be employed by the Adviser may increase such risk. The financial instruments that the Adviser may utilize are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. Moreover, the Adviser may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions.

- **Identification of Trading Opportunities.** The identification of trading opportunities to enhance returns is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While the Adviser will devote its best efforts to the management of Client portfolios, there can be no assurance that losses will not be incurred. In addition, returns generated from investments may not adequately compensate Investors for the business and financial risks assumed. An Investor should be aware that it may lose all or part of its investment. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp fluctuations in the market that could adversely affect each Client's portfolio and performance.
- **Physical Commodities.** A principal feature of the Adviser's investment strategy is acquiring and holding a portfolio of physical commodities. Dealing in physical commodities entails risks that are not faced by commodities trading funds that limit their investments to futures contracts, options on futures and other derivatives. These risks include substandard quality, infestation, degradation, spoilage and shrinkage, for example, as well as fraud, documentation errors, storage, transportation, and insurance. The Adviser maintains property insurance to cover the risk of loss or damage to the physical commodities and believes it is able to manage other risks presented by accepting physical delivery. However, losses may be incurred, and the physical aspect of the commodities may result in delays in the liquidation of the commodities as there can be no assurance of a readily liquid market for such commodities.
- **Commodity Futures Prices.** Prices of commodity futures contracts are affected by a wide variety of complex factors that are difficult to predict, such as changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); governmental activities, regulations and programs, whether affecting trade, fiscal, monetary, exchange control or other elements of policy; domestic and foreign political and economic events and policies; weather; disease; pestilence; technological developments; changes in interest rates; inflation rates; currency devaluations and revaluations; and the current or spot prices of the underlying physical commodities which may also move in an unpredictable manner. All of these factors contribute to the inherent volatility of the marketplace. Futures contracts require the deposit of margin (that is, cash investments that are good faith deposits and that act like a performance bond). Under normal circumstances, margin requirements range from about 4 percent to 20 percent of the value of the futures contract, and changes

in the market price of the futures contract will increase or decrease the margin required. Moreover, it is not always possible to execute a buy or sell order at the desired price either due to market conditions or limits on positions and/or daily price fluctuations imposed by exchanges and approved by the U.S. Commodity Futures Trading Commission. When the market price of a futures contract reaches its daily price fluctuation limit, no trades, or only a limited number of trades, can be executed. The holder of a futures contract may be locked into an adverse price movement and could lose considerably more than the deposited margin. Another instance of difficult or impossible execution occurs in thinly traded markets or markets that lack sufficient trading liquidity.

- **Freight Derivatives Market.** The freight derivatives market is much newer and less well-developed than other more established commodities futures markets and, accordingly, presents greater credit, liquidity and clearing risks than such other markets.
- **Use of Leverage.** The Adviser may trade commodities and securities by utilizing leverage. Leveraged investments, including any purchase or sale of commodities or securities on margin, may result in losses in excess of the amount invested. A relatively small price movement in a commodity interest or security that is acquired on a leveraged basis may result in immediate and substantial losses. In addition, trading on margin will result in interest charges that may be substantial. Consequently, the level of interest rates generally, and the rates at which a Client account can borrow in particular, will affect the operating results.
- **Margin Borrowings.** The Adviser may utilize short-term margin borrowings which can result in certain additional risks. For example, should the assets pledged to brokers to secure a Client's margin account decline in value, it could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden and precipitous drop in assets, a Client account might not be able to liquidate assets quickly enough to pay off its margin debt. In the forward, currency and certain other derivative markets, margin deposits may be even lower or not required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses.

- **Short Selling and Spread Trading.** The Adviser may engage in short selling and spread trading. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of the stock may appreciate before the short position is closed. Regarding spread trading, to the extent the price relationships between two or more financial instrument positions (the “spread”) remains constant, no gain or loss on the positions will occur. In addition, there is a substantial risk that the price differential could change unfavorably causing a loss to the spread position.
- **Counterparty Risk.** The brokers, banks and other financial institutions with which a Client does business or at which a Client’s assets are held may fail or may encounter financial difficulties that impair the operational capabilities or the capital position of the Client.
- **Strategy Risk.** Strategy risks relate to incorrect judgments by the Adviser arising with respect to its analysis and construction of a given Client portfolio which could cause a Client to fail to achieve its objective and suffer losses. Relatedly, because of a Client’s concentration of investments in the commodities sector, each Client account may be exposed to even greater risk in the event of adverse developments in this sector. The Adviser may employ various risk reduction strategies designed to minimize risk, however a substantial risk remains that such strategies will not always be possible to implement and when possible, will not always be effective in limiting losses.
- **Precious metals.** Precious metals may be negatively impacted by any of the following factors: (i) distress sales, (ii) large sales by the official sector, (iii) a significant increase in hedging activity by precious metals producers, and (iv) a significant change in the attitude of speculators and investors towards precious metals.
- **Derivatives.** The use of swaps, futures, exchanges of futures for physicals, forward, spot, options trading and spread trading presents particular risks and such trading is considered more speculative than certain types of equity investing. Particular risks include, but are not limited to, counterparty risk, liquidity risk, competitive disadvantage and dependence on the skills of the Adviser to correctly assess the market for these instruments. Depending on how they are used, the use of these instruments may also increase or decrease the overall volatility of a Client’s portfolio.
- **Regulatory Risk.** The regulation of futures, forward, spot and option

trading in the United States and other countries is constantly changing. While not anticipated, changes could occur that have a material adverse effect on a Client account or the markets in which it trades. Trading on foreign exchanges and in foreign markets may involve certain risks not applicable to trading in the United States, such as expropriation, burdensome or confiscatory taxation, moratoriums, exchange and investment controls and political events. Position limits, aggregation, daily limit and margin rules imposed by the exchanges on which the Funds may trade or by relevant regulatory authorities may have adverse effects on a Client account.

In 2011, the Dodd-Frank Wall Street Reform and Consumer Protection Act amended the Commodity Exchange Act to expand the Commodity Futures Trading Commission's (the "CFTC") regulatory jurisdiction with respect to certain derivative instruments, including swaps. In 2012, the CFTC rescinded an exemption from CFTC registration traditionally relied upon by private fund managers, narrowed an exception related to registered investment companies, and amended related rules and guidance. As a result of these changes, managers of certain pooled investment vehicles, including the Adviser, were required to become registered with the CFTC as commodity pool operators ("CPOs") and / or commodity trading advisors ("CTAs") and become members of the National Futures Association (the "NFA"). In addition, as a result of their trading activities, hedging/risk management (and other) swap activity, the Adviser as well as certain entities related to the Adviser also are subject to a wide range of other regulatory requirements, such as: (i) compliance with certain commodities interest position limits or position accountability rules; (ii) administrative requirements, including recordkeeping, confirmation of transactions and reconciliation of trade data; and (iii) mandatory central clearing and collateral requirements.

- **Trading on Non-U.S. Exchanges.** The Adviser may engage in trading on exchanges located outside the United States, perhaps to a significant extent. Trading on such exchanges is not regulated by any United States governmental agency and may involve certain risks not applicable to trading on United States exchanges. For example, some foreign exchanges are "principals markets" in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of an exchange or clearing organization. Moreover, such trading may be subject to a range of regulatory provisions that are applicable to transactions effected outside the United States, whether on foreign exchanges or otherwise. Trading on foreign exchanges involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums and

investment controls, or political or diplomatic events that might adversely affect a Client's trading activities. The risks of investing in non-U.S. securities and other financial instruments may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets and higher brokerage commissions and custody fees. Furthermore, foreign trading is also subject to the risk of changes in the exchange rate between United States dollars and the currencies in which financial instruments traded on such exchanges are settled. Some foreign futures exchanges require margin for open positions to be converted to the "home currency" of the contract. Additionally, some brokerage firms have imposed this requirement for all foreign futures markets traded, whether or not it is required by a particular exchange. Whenever margin is held in a foreign currency, a Fund is exposed to potential gains or losses if exchange rates fluctuate. Although the CFTC is prohibited by statute from promulgating rules that govern in any respect any rule, contract term or action of any foreign commodity exchange, the CFTC has full authority to regulate the sale of foreign futures contracts within the United States and has adopted regulations that may restrict a Client and the contracts and markets on which the Client trades, which may have an impact on a Fund's future performance results.

- **Equity.** Trading in equity securities may involve certain risks including fluctuations in price due to specific situations for a company, industry market conditions and general economic environments. In addition, securities of smaller companies may involve more risk and their prices may be subject to more volatility.
- **Illiquidity.** The Funds do not make distributions and are not suitable for Investors seeking current income.
- **Affiliation with The Carlyle Group.** There are risks related to Carlyle's ownership interest in the Adviser. These relate to the risk of third party litigations, the potential for increased regulatory scrutiny, and Carlyle's ability to influence the Adviser. See Item 10C.
- **Legal Framework and Corporate Governance.** Laws and regulations of some countries may impose restrictions that would not exist in the United States, may lack certain protections provided by U.S. law or may not be fully or consistently enforced, particularly where the other party to a dispute is a local resident or entity. In addition, many countries provide inadequate legal remedies for breaches of contract, including settling disputes with local partners with whom the portfolio may enter into joint ventures.

- **Investment and Repatriation Restrictions.** Some countries have laws and regulations that currently limit or preclude direct foreign investment or may increase the costs and expenses of investment. Prior government approval for foreign investments may be required under certain circumstances, and the process of obtaining these approvals may require a significant expenditure of time and resources. Repatriation of investment income, capital and the proceeds of sale by foreign investors may require governmental registration and approval in some countries. Investments may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. In addition, foreign governments from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities transfers or the imposition of exchange controls making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable to distribute the amounts realized from a foreign investment at all or may force the distribution in currencies other than in U.S. dollars, and therefore a portion of the distribution may be made in foreign securities or currency.
- **Quality of Financial Reporting.** Financial reporting and financial information at the enterprise level is often not as reliable in the countries in which the Adviser provides advisory services as in other more developed regions. While there is a trend toward improved financial reporting by companies in developing countries and increased enforcement of statutes concerning financial and tax reporting, there can be no assurance that the financial information can be made as reliable as in other regions.
- **Risks from Economic Conditions.** Investments in emerging markets will be impacted by economic conditions in the countries in which those companies operate. Many developing countries have a history of economic instability, and an investment's success may depend on the overall level of economic activity and political and social stability in these emerging markets. Investments in foreign companies may be adversely affected by declining economic conditions in the host country.
- **Sovereign Risk.** Governments of some developing countries have exercised and continue to exercise substantial influence over many

aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest, such as energy and utility companies. The policies set by these companies could have a significant effect on economic and market conditions in such countries. Moreover, the economies of these countries generally are dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. There is the possibility of nationalization, expropriation or confiscatory taxation, regime changes, changed or increased government regulation, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of investments in those countries.

- **Risks of Restriction on Client Transactions.** By reason of their responsibilities in connection with their various activities, other affiliates of The Carlyle Group from time to time may deem themselves restricted from initiating transactions in certain securities, because, among other possible reasons, they have acquired material non-public information. Such restriction may operate to also restrict the Adviser and its clients (although the information barrier that separates the Adviser and two other business units within Carlyle's Global Market Strategies platform from the rest of the platform serves to limit the restriction on the Adviser and its clients). As a result of the foregoing, a client may not be able to initiate a purchase or sale transaction that it otherwise might. Further details about the types of restrictions and limitations resulting from the Adviser's status as an affiliate of The Carlyle Group and can be found in "Other Financial Industry Activities and Affiliations," under the heading "The Carlyle Group".
- **Cyber Security Breaches and Identity Theft.** The Adviser and its Clients' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's and Client's operations and result in a failure to maintain the security, confidentiality or

privacy of sensitive data, including personal information relating to Investors (and the beneficial owners of Investors). Such a failure could harm the Adviser's and Client's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect the their business and financial performance.

Note that the Adviser has in place policies and procedures to address material risks to the business. These include, but are not limited to: a daily meeting of the Risk Committee, and reviews undertaken in connection with the quarterly meetings of the PCRC. The Adviser's Risk Committee reviews daily risk reports produced internally and monitors the Funds and the SPV.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons or employees. With respect to the Adviser itself, the Adviser has entered into settlements with certain of the exchanges on which the Funds conduct commodities trading. As explained in more detail below, certain commodity exchanges have found the Adviser to have exceeded relevant exchange-imposed position limits in connection with the following matters:

- On May 28, 2014, the CME Group's Market Regulation Department referred to the Enforcement Division of the CME four trades in February 2013, in which Market Regulation believed that the Adviser violated New York Mercantile Exchange ("NYMEX") Rule 538.H (Exchange for Related Positions) by failing to have sufficient documentation with respect to certain exchange for related positions transactions ("EFRPs"). An offer of settlement was approved by the COMEX Business Conduct Committee on August 13, 2014, in which the Adviser neither admitted nor denied the violation on which the penalty was based. On August 20, 2014, the Adviser paid in full a fine of \$20,000 in connection with the four trades.
- On February 5, 2014, the Chicago Mercantile Exchange's ("CME") Business Conduct Committee found that on November 26, 2012 and March 22, 2013, the Adviser violated New York Mercantile Exchange ("NYMEX") Rule 562 (Position Limit Violations) by exceeding the Conditional Limit for certain natural gas futures on November 26, 2012 and March 22, 2013, during the last three trading days of the month in which the futures contracts expired. Offers of Settlement were approved by the CME's Business Conduct

Committee on February 5, 2014 in which the Adviser neither admitted nor denied the violation on which the penalty was based. On February 10, 2014, the Adviser paid in full a combined fine of \$80,000 in connection with both trades.

- On November 11, 2013, the Adviser was notified by ICE Futures U.S. ("ICE Futures") that ICE Futures believed that the Adviser had violated Exchange Rule 6.20(c) in two instances by failing to comply with the terms of a Conditional Limit granted by ICE Futures in the Henry Hub LD1 Fixed Price Future (H) when the firm established positions in spot month NYMEX Henry Hub Natural Gas Futures on November 26, 2012 and March 25, 2013. On December 11, 2013, a sub-committee of the Business Conduct Committee of ICE Futures approved an offer of settlement, in which the Adviser neither admitted nor denied the rule violations, but agreed to paid a monetary penalty of \$60,000 and cease and desist from future violations of Rule 6.20(c). The Adviser paid the monetary fine in full on December 31, 2013 and on January 8, 2014, the resolution was finalized.
- On October 31, 2012, the Business Conduct Committee for ICE U.S. OTC Commodity Markets LLC ("ICE OTC") found that on March 26, 2012, the Adviser held an intra-day position in an ICE OTC contract in excess of Conditional Limits imposed by ICE OTC Rule 1.13. An offer of settlement was approved by ICE OTC on October 31, 2012 in which the Adviser neither admitted nor denied any wrongful conduct or the Rule violation upon which the settlement penalty was based. On November 5, 2012, the Adviser paid in full a fine of \$20,000 and disgorgement of profits in the amount of \$422,820.
- On May 30, 2012, a panel of the NYMEX Business Conduct Committee found that on July 18, 2011, the Adviser inadvertently exceeded the effective contract spot month position limits for Crude Oil. An Offer of Settlement was approved by the NYMEX panel on May 30, 2012 in which the Adviser neither admitted nor denied the violation on which the penalty was based. On June 1, 2012, the Adviser paid in full a fine of \$25,000.
- On June 25, 2009, a panel of the CME Business Conduct Committee found that on March 27, 2009, the Adviser exceeded the speculative position limits for Lean Hog futures and on April 7, 2009, the Adviser exceeded the spot month position limit for Lean Hog futures. The panel approved an Offer of Settlement in which the Adviser neither admitted nor denied the finding. On June 29, 2009, the Adviser paid in full a fine of \$10,000.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Broker-Dealer Registration Status:** Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status:** The Adviser is registered as a commodity pool operator and commodity trading advisor with the CFTC and is a member of the NFA. As such, various persons associated with the Adviser are registered with the NFA as associated persons and/or principals of the Adviser. The Adviser has claimed “registration lite” exemptions under CFTC Rule 4.7 with respect to certain of the Funds, which exemptions provide relief from certain disclosure and periodic reporting requirements.
- C. Material Relationships or Arrangements with Industry Participants:**

General Partners of the Onshore Funds

The following entities are affiliates of the Adviser and serve as general partners of their respective Onshore Funds:

- Viridian Partners, LLC
- Celadon Partners, LLC
- Crimson Physical Commodities Partners, LLC
- Aeris Metals Partners, LLC

The Carlyle Group

TC Group, an affiliate of Carlyle, owns an equity interest in the Adviser of approximately 83% and, as noted above, has served as the Managing Member of the Adviser since October 1, 2012. Carlyle, founded in 1987, is one of the largest and most diversified multi-product global alternative asset management firms in the world. Carlyle operates its business through various affiliated investment advisers (including the Adviser), across four segments: (i) Corporate Private Equity, (ii) Real Assets, (iii) Investment Solutions and (iv) Global Market Strategies. In addition, an affiliate of the Adviser, The Carlyle Group L.P. (the “Public Company”), is a publicly traded partnership traded on the NASDAQ stock exchange as ticker CG. Additional information about the Public Company is available in current public filings with the SEC for The Carlyle Group L.P. (see www.carlyle.com, go to the “Financial Information” portion of the “Public Investors” page). For purposes of this Form ADV Part 2A, references to the “Adviser” (or its related entities) do not include references to Carlyle or any of its other affiliated entities.

In October 1, 2012, when TC Group initially acquired an equity interest in the Adviser, the Adviser became part of Carlyle's Global Market Strategies Group, which focuses on various types of credit and other alternative investments.

Although the Adviser is a separately-registered investment adviser that operates independently of other Carlyle-affiliated investment advisers that are within the Global Market Strategies platform, its status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Because Carlyle and its affiliates have many different asset management and advisory businesses and operate on a global basis, the Adviser may be subject to greater regulatory oversight than it would be absent the Carlyle relationship.

While company and other entity investment is not the Adviser's primary focus, the Funds and the SPV may invest in companies or other entities in which Carlyle-affiliated advisory clients (e.g., pooled investment vehicles and managed accounts) have or are concurrently making a separate investment (e.g., an equity investment) and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which the Funds and the SPV have an existing investment or are concurrently making an investment. In such situations, the Adviser's Client and such other Carlyle-affiliated advisory clients may have conflicting interests (e.g., over the terms of their respective investments). In a bankruptcy proceeding, the interests held by the Adviser's Clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to the company involved in the bankruptcy proceeding.

The Adviser and its Clients also may be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, restrictions under the Bank Holding Company Act or limitations imposed by non-U.S. regulatory authorities (e.g., the UK Panel on Takeovers and Mergers) with respect to investments in a company when a Carlyle advisory client holds the equity of that company and the company is an affiliate of Carlyle (a "Carlyle Portfolio Company"). In considering whether to make an investment in a Carlyle Portfolio Company, the Adviser takes into account such potential legal and/or contractual restrictions and considers the likely impact of such restrictions on the Adviser's strategy with respect to that investment. Any such investment is made on an arm's-length basis and on terms that are fair to Clients in the good faith judgment of the Adviser.

Certain Carlyle Portfolio Companies may seek to explore certain areas of cooperation with VAM, including acting as counterparties in the trading of certain commodities. Such communications are subject to the relevant information barriers established within Carlyle (as described below). Additionally, such communications would be subject to Carlyle's prevention of insider trading policies and procedures, which specifically reference commodity interest trading.

Certain Carlyle-affiliated entities may trade in commodity futures contracts that are also held by the Adviser's Clients and that may be subject to the regulatory rules imposing position limits. The Adviser generally will seek to conduct its business so that its positions in commodity futures contracts will not be aggregated with those of other Carlyle-affiliated entities. The Adviser will seek to identify situations that may present risk that its positions will be aggregated with the positions of other Carlyle-affiliated entities, and seek to ensure compliance with applicable position limit rules. In the event that the Adviser's Clients' positions in certain commodity futures contracts are aggregated with the positions of other Carlyle-affiliated entities, such aggregation may limit the number of such contracts in which the Adviser's Clients invest.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents and affiliates may conduct any other business, including any business within the securities industry, whether or not such business competes with the Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

One or more of Carlyle's Global Market Strategies platform's senior personnel (the "Senior GMS Personnel") also are members of the Adviser's Operating Committee. The Operating Committee does not participate in the Adviser's day-to-day investment decision-making, but members participate in certain decision-making on matters outside the ordinary course of the Adviser's business. The Senior GMS Personnel are not required to, and will not, allocate all of their professional time to the Adviser. Rather, they allocate the majority of their time to matters pertaining to other areas of Carlyle's business, and devote so much of their time to the Adviser's business as is reasonably warranted.

Carlyle has in place an information barrier (the “GMS Information Barrier”) that segregates the flow of material, non-public information between the Global Market Strategies platform (including the Adviser and the other investment advisers within the Global Market Strategies platform, as well as personnel in the Global Market Strategies platform) and the rest of Carlyle (“Carlyle Private Equity/Real Assets/Investment Solutions”). The effect of the GMS Information Barrier is that the Adviser generally will not be able to use, act on or otherwise be made aware of material non-public (or other commercially-sensitive) information otherwise known by or in the possession of Carlyle Private Equity/Real Assets/Investment Solutions (and vice-versa), and collaboration between personnel of the Global Market Strategies platform on the one hand, and personnel working within the rest of Carlyle, on the other hand, may be limited, reducing potential synergies that could otherwise benefit the Adviser’s Clients.

There also is an information barrier separating the Adviser and two other business units within Global Market Strategies (the Carlyle Quantitative Market Strategies group (“CQMS”)), and the Carlyle Energy Mezzanine Opportunities Fund (“CEMOF”) group), from the rest of Global Market Strategies. This means that the Adviser is subject to a restricted list that contains securities in which it, CQMS and CEMOF, the other walled-off business units, cannot trade, but is not subject to the broader Global Market Strategies restricted list that contains securities in which Global Market Strategies (excluding the Adviser, CEMOF and CQMS businesses), cannot trade. While the Adviser typically is consulted with respect to a proposed addition to the restricted list to which the Adviser, CQMS and CEMOF are subject to, the addition of a name to the list may be beyond the Adviser’s control. As a result, there may be instances in which the Adviser would be precluded from acquiring or recommending the acquisition of a particular security for the benefit of its clients. Similarly, the Adviser may not be able to dispose of a security held in its client accounts or to recommend such disposal (in the case of non-discretionary accounts), even in a declining market, until the security is removed from the restricted list. In addition, because it is part of Global Market Strategies business segment, the Adviser is subject to other information barriers established by Carlyle, such as the one-way information barrier between Carlyle’s Investment Solutions business segment, on the one hand, and Carlyle’s other business segments (including Global Market Strategies), on the other hand.

Investment Advisers

The Adviser is under common control with Carlyle Investment Management L.L.C. (“CIM”) and a number of other advisers (together with CIM, the “Other Advisers”). The Form ADV Part 2A for CIM more fully describes the locations and advisory business of the Other Advisers, certain of which may also be

registered CPOs and/or CTAs. The Adviser functions independently of CIM and the other advisers. CIM manages investment vehicles that may have investment strategies that overlap with those of the Adviser's Clients. It is therefore possible that CIM independently may consider the same investment opportunities as the Adviser's Clients, and thereby, on any given occasion, compete with the Adviser for these investment opportunities.

In addition, certain advisory clients of certain of the Other Advisers may invest in hedge funds managed by the Adviser, including the Funds.

Broker-Dealers

TCG Securities, L.L.C. ("TCG Securities"), an affiliate of Carlyle, is a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority. TCG Securities acts as a placement agent with respect to the offer and sale of interests in private investment vehicles, including the Funds. TCG Securities does not currently intend to act as a broker-dealer or agent for transactions effected on behalf of the Adviser or other of its affiliated, private investment vehicles and does not intend to hold funds or securities for, or owe money or securities to, Clients generally.

Additionally, Carlyle holds, and may in the future acquire, ownership stakes in one or more broker-dealers other than TCG Securities. The Adviser currently does not intend to establish placement agent relationships through Carlyle-affiliated broker-dealers other than TCG Securities. The Adviser does not intend to execute trades through any Carlyle-affiliated broker-dealers.

- D. Material Conflicts of Interest Related to Selection/Recommendation of Other Investment Advisers:** The Adviser does not recommend or select other investment advisers for its Clients.

Item 11 – Code of Ethics

- A. Code of Ethics:** The Adviser and its personnel abide by The Carlyle Group Code of Conduct (the "Code"). The Code sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. Among other things, the Code prescribes standards for dealing with Clients ethically, addresses conflict of interest issues, and supplements personal trading and operating procedures. The Code provides guidance in specific areas, including but not limited to, confidentiality of the Adviser's information, personal investments, gifts and entertainment and personal political activities.

In addition to the Code of Conduct referred to in the paragraph above, the Adviser, as a Carlyle affiliate, has adopted the New York Attorney General's Public Pension Fund Reform Code of Conduct ("Public Pension Fund Code"). That Public Pension Fund Code governs the Adviser's interactions with public pension funds in the United States and, among other matters, (a) bans the use of outside placement agents and lobbyists in connection with obtaining investments from such public pension funds, (b) bans certain campaign contributions in the United States and (c) provides for (i) increased disclosure, (ii) strengthened employment, confidentiality and gift policies, and (iii) conflicts of interest procedures as they relate to public pension funds in the United States. The policies and procedures adopted in connection with the Public Pension Fund Code address the pay-to-play regulations promulgated by the SEC.

The Adviser's Investors or prospective Investors may request a copy of the Adviser's Code of Ethics and Public Pension Fund Code. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com to request a copy.

B. Transactions in Securities where the Adviser or a Related Person has a Material Financial Interest:

Neither the Adviser nor any of its related persons recommends to the Funds or the SPV, or buy or sell for any of them, securities in which the Adviser or any related person has a material financial interest. Please note however that principals of the Adviser as well as other key employees and affiliates of the Adviser are invested in one or more of the Funds. Certain personnel of Carlyle also may be invested in the Funds. Accordingly, the Adviser could be deemed to be recommending securities in which its affiliated persons have a material financial interest when it recommends investment in those Funds.

From time to time, the Adviser may cause a Client to purchase securities or other financial instruments from, or sell securities or other financial instruments to, other Clients or the Note Issuers (together with the Clients, each an "Advised Account," and, collectively, the "Advised Accounts") when the Adviser believes that such transaction is appropriate and in the best interest of both parties to the transaction. For example, circumstances may arise where the Adviser wishes to reduce (or increase) the investment of one Advised Account in certain securities or other financial instruments and increase (or reduce) another Advised Account's investment in such securities or other financial instruments, in which case the Adviser may effect a cross trade by directing the transfer of such securities or other financial instruments between the two Advised Accounts. The Adviser also may effect cross trades in order to re-balance portfolios or provide better liquidity to relevant Advised Accounts. Neither the Adviser nor any related person will receive a commission or similar compensation in connection with any such

transaction. Any such transaction will be effected at a purchase price equal to such security or other financial instrument's fair market value at the time of the transaction. Each Advised Account participating in a cross trade will bear the costs and expenses associated with the transaction on a pro rata basis.

Certain types of internal cross transactions involving Structured Transactions (defined below) have been pre-approved by the Chief Compliance Officer and do not require approval for each discrete transaction but will be reviewed on a post-trade basis. Cross transactions that do not fall under the types for which general pre-approval has been granted are subject to pre-approval by the Chief Compliance Officer and post-trade review. Cross transactions may benefit Clients because they can avoid transaction fees. They also can create conflicts of interest because, by not exposing buy and sell transactions to market forces, advisory clients may not receive the benefits of best price, or, an adviser might seek to prop up the performance of one Advised Account by selling under-performing assets to another Advised Account in order, for example, to earn higher fees. The Chief Compliance Officer will endeavor to ensure that (i) there has been a determination that the trade is in the respective best interest of the Advised Accounts involved, (ii) the transaction is consistent with the Adviser's duty to seek best execution, (iii) the transaction relies on the Adviser's valuation procedures to determine the appropriate price at which to effect the transaction, and (iv) documentation of trade and the consideration paid is maintained.

In addition, the Adviser and its related persons generally do not buy securities from, or sell securities to, the Adviser's Clients as principal (a "principal transaction"). In the event the Adviser contemplates engaging in a principal transaction, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act, which include notice to, and consent from, affected Clients. The Adviser requires its personnel to bring any proposed principal transactions to the attention of the Adviser's Chief Compliance Officer prior to execution so that the proper course of action can be determined.

Each "master fund" act as the investing entity for its respective "feeder funds", all of which are managed by the Adviser. Neither the Adviser nor any of its related persons act as a general partner in a Fund in which other Funds are solicited to invest. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to the Funds.

C, D. Investing in Securities Recommended to Clients; Contemporaneous Trading:

The Adviser has no proprietary trading accounts and therefore does not invest in the same (or related) securities in which the Funds are invested.

The Carlyle Group Code of Conduct, together with Carlyle's policies and procedures to prevent insider trading applicable to the Adviser and its personnel, place restrictions on personal trades by the Adviser's personnel, including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis. The Code also prohibits the Adviser's personnel from trading in any security of any issuer listed on the restricted trading list applicable to all Carlyle personnel. In addition, the Adviser's policies (i) require personnel to obtain pre-clearance of all personal securities transactions, except for certain limited transactions expressly permitted without pre-clearance, and (ii) prohibit personnel from transacting for their own accounts in: (A) any commodity interests, or (B) any securities issued by a company or its affiliate which are currently held in the portfolio of any of the Clients. It is the responsibility of all personnel to ensure that a particular transaction being considered for his or her personal account is not subject to a restriction contained in the Code or otherwise prohibited by the Adviser's policies or applicable laws.

It is possible that personnel of the Adviser may be granted pre-clearance to hold a security (or begin employment at the Adviser holding a security) that the Adviser subsequently buys for a Client's portfolio. In such cases, such person may sell such security from his or her personal account only with the permission of the Chief Compliance Officer, who would permit such sale only upon determination at that time that the sale would not adversely affect any Client, and only to the extent such security is not otherwise subject to restriction.

Notwithstanding the prohibition on trading in a company's securities when such securities are currently held in the portfolio of the Adviser's Clients, exchange-traded funds ("ETF") may be traded by employees upon pre-clearance by the Chief Compliance Officer, even if the ETF also is held by the Funds, provided that pre-clearance will be granted only if the Chief Compliance Officer determines that the trade will not adversely affect any Client.

Generally, investment decisions are made on a Client-by-Client basis in a manner deemed to satisfy the specific mandate of one Client, taking into account the Client's investment strategies and objectives and current risk profile at the time of the trade. The corresponding trade is then placed and allocated exclusively to a particular Client. As a result, conflicting positions may be taken or held by two or more Clients. If an investment opportunity is presented to the Adviser by a broker-dealer (rather than initiated by the

Adviser) the Adviser may determine to apportion the opportunity among Clients. In this case, after concluding that the investment may satisfy the investment mandates of more than one Client, the Adviser will make an independent investment decision for each Client, based on analysis of factors such as the appropriate risk and reward ratio for each account, the intended sector strategy of each account, the liquidity of the account at the time of the investment and on a going-forward basis, the account's overall portfolio composition and the performance of the account.

Notwithstanding the foregoing, the Adviser has implemented certain specific allocation procedures to govern the allocation of Structured Transactions among its Advised Accounts. The term, "Structured Transactions" as used herein refers to the purchase from an unaffiliated counterparty of physical commodities that are typically hedged with a commodity derivative instrument and, at the Adviser's option, the physical commodities are subsequently sold back to the unaffiliated counterparty at the market value at the time of the sale. Structured Transactions generally are less liquid and less readily available than the other products traded by the Adviser's Clients, and a particular Structured Transaction generally cannot be shared by multiple Advised Accounts, which complicates allocations of these positions amongst the Advised Accounts. In an effort to achieve a fair and equitable allocation of these investment opportunities, the Adviser will implement the following procedures when allocating a Structured Transaction amongst its Advised Accounts:

(1) The Adviser will first determine which Advised Accounts are eligible to invest in the Structured Transaction, based upon consideration of the following factors:

- Whether the Advised Account's investment guidelines include investments in the Structured Transaction being allocated.
- Whether is it practical and/or beneficial for a given Advised Account to have a relationship with the counterparty to that Structured Transaction.
- Whether the Advised Account still has capacity to receive the position, consistent with its target allocation to Structured Transactions.

If consideration of these factors would disqualify all Advised Accounts from receiving a particular allocation, the Adviser may assess whether the risk/reward characteristics of the Structured Transaction would nonetheless support an investment in excess of an Advised Account's target allocation (provided that such Advised Account has capital available for the investment and the investment is consistent with each one's investment guidelines). If

the Adviser then determines that the investment would be appropriate for more than one Advised Account, it will continue to the next step.

(2) If more than one Advised Account remains eligible to receive the position after considering the foregoing factors, then the Adviser will calculate (i) each eligible Advised Account's trailing 12-month rate of return from realized and unrealized Structured Transactions (weighted against such Advised Account's target allocation to Structured Transactions) through the anticipated realization date of the Structured Transaction then being allocated; and (ii) the projected rate of return for the Structured Transaction then being allocated. Based on these calculations, the Adviser will allocate the position among the eligible Advised Accounts as follows:

- In the event that (ii) is lower than (i) for all eligible Advised Accounts, the Structured Transaction will be allocated to the Advised Account with the highest rate of return in (i).

- Otherwise, the Structured Transaction will be allocated to the Advised Account with the lowest rate of return in (i).

This allocation methodology, which takes into account a given Advised Account's rate of return, has been determined by the Adviser to be a fair and equitable means by which to allocate a large number of Structured Transactions investments equitably among such Advised Accounts. Because the Adviser believes that the rates of return generated by its Structured Transactions generally will fall within a relatively narrow band at any given time, it believes that this allocation methodology should progressively draw Advised Accounts towards approximately equivalent aggregate rates of return on their Structured Transaction positions.

Item 12 – Brokerage Practices

- A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions:** The Adviser is authorized to determine the broker or dealer to be used in each transaction on behalf of Clients. As indicated in Item 10, the Adviser does not intend to execute trades through Carlyle-affiliated broker-dealers.

In making a determination as to which broker or dealer to utilize for a particular transaction, the Adviser may consider a number of factors, including, without limitation:

- 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 and the efficiency of error resolution;
- the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- on-line pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding Clients' accounts;
- performance measurement data;
- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- the availability of stocks to borrow for short trades and the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

The Adviser does not weigh these factors equally.

While the Adviser will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for each trade. In all cases, in directing brokerage, the Adviser will seek to obtain best execution, taking into account qualitative and quantitative factors affecting the execution quality of transactions.

A.1. Research and Other Soft Dollar Benefits: The Adviser does not currently have any formal "soft dollar" arrangements under which it utilizes credits generated by brokerage of Client account trades to pay for other

services from the broker-dealer. However, it is not the Adviser's practice to negotiate "execution only" commission rates; thus, a Client of the Adviser may be deemed to be paying for research and related services (e.g., attendance at conferences, discussions with research analysts, and meetings with corporate executives) provided by the broker which are included in the commission, markup or other costs. These products and services are not provided with "soft dollar" credits generated by specific trades, but rather are provided by a broker-dealer because of the Adviser's ongoing relationship with the broker-dealer. The Adviser does not currently intend to enter into any formal "soft dollar" arrangements and expects to limit its use of "soft dollars" to obtain research or brokerage within the meaning of the "safe harbor" provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended.

Use of "soft dollars" benefits the Adviser because the Adviser does not have to separately produce or pay for the research or brokerage products or services and therefore the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services. Research and other services from broker-dealers may be used by the Adviser for the benefit of more than one Client and thus, a Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services being provided, and such services may be applied disproportionately relative to commissions paid by any one Client.

A2. Brokerage for Client Referrals: While the Adviser may consider, among other things, capital introduction and marketing assistance in selecting or recommending broker-dealers for its Clients if otherwise consistent with seeking best execution, the Adviser will not commit to allocate a particular amount of brokerage to a broker-dealer in exchange for such capital introduction or marketing services.

A3. Directed Brokerage:

- a. The Adviser does not recommend, request or require that a Client direct it to execute transactions through a specified broker-dealer ("directed brokerage").
- b. The Adviser does not have directed brokerage arrangements with its Clients.

B. Order Aggregation and Trade Errors: The Adviser makes commodities trading decisions on a Client-by-Client basis and places commodities trades on a Client-by-Client basis; accordingly the Adviser does not aggregate commodities orders, except that if a broker-dealer offers the Adviser a trade

(in contrast to the Adviser initiating a trade), the Adviser may utilize a single trade order for multiple accounts. In addition, the Adviser does not believe, as a general matter, that aggregating commodity interest orders lowers execution prices or necessarily results in reduced commission rates. In the instances where a single commodities order for multiple accounts is utilized because of an offer by a broker-dealer, the Adviser will document the participating Clients. Please see Item 11C, D for a discussion of the Adviser's trade allocation policy.

With respect to securities trades, currently the Adviser has only one Client whose investment authority permits securities investments, and therefore order aggregation is not possible. This Client is not currently making securities investments.

The Adviser has adopted a policy for the purpose of addressing trade errors that may arise, from time to time, in connection with Client trades. An example of a trade error is the sale of a security or commodity when the Adviser intended to purchase it. The Adviser will take all commercially reasonable efforts to correct all trade errors prior to settlement date. Each Client will bear the cost of any trading losses, liabilities, damages, expenses or any other costs resulting directly from a trade error (collectively, "Error Costs"), except for the following three limited exceptions: (i) Error Costs that directly result from the intentional misconduct, bad faith or gross negligence of the Adviser (as shall be determined in the sole discretion of the Adviser, by a decision of the Adviser's PCRC), (ii) Error Costs that may not be waived or limited by the Adviser under applicable law, and (iii) any Client that is a registered investment company will be made whole (i.e., put in a position as if the error had not been made). Further, if any benefit results to a Client from a trade error, each such Client will receive the benefit of that trade error. Clients will not bear the cost, or receive the benefit of, any error associated with another Client, and it shall be the responsibility of the Adviser to allocate such costs/benefits fairly.

Item 13 – Review of Accounts

- A. Frequency and Nature of Review:** The Funds and the SPV are actively managed by their respective Portfolio Managers through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio and risk parameters. Analysts continually evaluate the different equivalent markets, arbitrages and most profitable trade exits that are available on an inter-market and intra-market basis. In addition, a Risk Committee composed of principals of the Adviser and one or more of the Senior GMS Personnel reviews overall and individual position risk on a daily

basis, utilizing third-party risk management software as well as internally developed models. A quarterly PCRC meeting is held to provide oversight over all trading. The PCRC is composed of certain Carlyle Global Market Strategies personnel who serve as shared resources to the Adviser as well as the Adviser's Chief Operating Officer/Chief Compliance Officer.

- B. Factors Prompting a Non-Periodic Review of Accounts:** The Funds and the SPV are actively managed and are reviewed continuously throughout the trading day.
- C. Content and Frequency of Regular Account Reports:** The following reports are provided for all Fund Investors – (i) audited financial statements within approximately 120 days after the end of each fiscal year, (ii) information necessary for the preparation of a tax return, and (iii) a monthly statement regarding their account from the Funds' administrator.

Item 14 – Client Referrals and Other Compensation

- A. Economic Benefits Received from Non-Clients for Providing Services to Clients:** The Adviser has no arrangements whereby a party who is not a Client compensates or otherwise provides an economic benefit to the Adviser for providing investment advice.
- B. Compensation for Client Referrals:** Neither the Adviser nor any other entity or person directly or indirectly compensates any third-party for Client or Investor referrals. The Adviser does not employ third-party solicitors or placement agents. The Adviser has engaged an affiliate of Carlyle, TCG Securities, to serve as a non-exclusive placement agent for the Funds. In connection with its services as a placement agent, TCG Securities will receive compensation from the Adviser.

Item 15 – Custody

The Adviser has "custody" of the funds and securities of the Funds and the SPV for purposes of Rule 206(4)-2 under the Advisers Act. All Client funds and securities over which the Adviser has custody are maintained at a "qualified custodian". Each of the Funds undergoes an annual audit by a PCAOB-registered auditor that is subject to PCAOB inspection. As noted above, the SPV serves only as a vehicle to hold certain investments for any one or more of the Funds. The SPV's assets will either be considered within the scope of the audits conducted with regard to the Funds for which the SPV holds investments or will be subject to a separate annual audit in accordance with Rule 206(4)-2.

Item 16 – Investment Discretion

The Adviser has discretionary authority from the outset of its advisory relationship with each Fund and the SPV to select the identity and amount of commodities, securities and other assets to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular Client account, as these are set forth in the applicable Offering Memorandum or investment advisory agreement. Investors have no ability to request or direct a change in the stated investment objectives and guidelines.

For Investors in the Onshore Funds, upon execution of the subscription documents for a Fund, each Investor agrees to be bound by the Fund's partnership agreement (which appoints the Adviser as investment adviser to the applicable Fund), and further grants a power of attorney in favor of the general partner affiliate of the Adviser. This power of attorney is a "special power of attorney coupled with an interest" and is irrevocable to the fullest extent permitted by law. It does not terminate until the Investor withdraws from the Fund. Pursuant to this power of attorney, the Investor appoints the general partner, acting through any of its authorized partners and officers, as its true and lawful agent and attorney to make, execute, acknowledge, record and/or file (i) the Fund's partnership agreement, (ii) any certificate or other document required to effect the formation, continuation, qualification or dissolution of the Fund in accordance with the terms of the Fund's partnership agreement, or which legal counsel to the Fund deems necessary or desirable to comply with any federal, state or other law applicable to the Fund; and (iii) any amendments to any of the foregoing adopted or otherwise made in accordance with the provisions of the Fund's partnership agreement.

For Investors in the Offshore Funds, upon execution of the subscription documents, each Investor has purchased shares of the Fund. The Funds are organized in the Cayman Islands pursuant to Articles of Incorporation that have been approved by its Board of Directors. The Board of Directors has approved the appointment of the Adviser to manage the assets of each Fund, and the Board of Directors may remove the Adviser on unanimous vote of the Board members.

Item 17 – Voting Client Securities

The Adviser is not currently making securities investments on behalf of its Clients but if and when it does, the Adviser has authority to vote proxies for securities held in all Client portfolios. The Adviser's proxy voting policy calls

for the Adviser to exercise its duty of care and loyalty to its Clients when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in a portfolio. .

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues. Where there is a measurable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Adviser and Client accounts may arise when the Adviser's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the Client(s). If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the Investors of the conflict of interest and obtain advance consent of a majority of such Investors for a particular voting decision; or iii) obtain approval of the voting decision from the Adviser's PCRC. The chief compliance officer will be responsible for documenting the rationale for the decision made and voted. In all such cases, the Adviser will make disclosures to Clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com.

Item 18 – Financial Information

The Adviser has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.