

BROCHURE
(Form ADV Part 2A)

Moelis Capital Partners LLC

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This Brochure provides information about the qualifications and business practices of Moelis Capital Partners LLC. If you have any questions about the contents of this brochure, please contact us at (212) 883-3800 and/or peter.vogelsang@moelis.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Moelis Capital Partners LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

II. MATERIAL CHANGES

The SEC recently amended Part 2 of Form ADV, or the investment adviser “Brochure.” The amendments require, among other things, that the Brochure be written in plain English. This brochure is a new document prepared in response to these 2010 amendments. It is materially different from previous filings made by Moelis Capital Partners LLC and includes certain new information that was not required to be disclosed in our previous filings. Because clients and prospective clients of Moelis Capital Partners LLC have not previously received its brochure, in the future this Item 2 will be used to provide a summary of material changes that are made to this brochure since the last annual update.

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IV. ADVISORY BUSINESS

A. Advisory Firm

Moelis Capital Partners LLC is a New York, New York-based investment advisory firm founded in 2007 by Kenneth Moelis. Moelis Capital Partners LLC is registered as an “investment adviser” under the Investment Advisers Act of 1940, as amended, and is an affiliate of Moelis & Company LLC, a broker-dealer registered under the Securities Exchange Act of 1934, as amended, and a member firm of FINRA. Registration does not imply a certain level of skill or training.

Moelis Capital Partners LLC provides investment advisory services to (i) Moelis Capital Partners Opportunity Fund I, LP and Moelis Capital Partners Opportunity Fund I-A, LP, both Delaware limited partnerships, and (ii) investors participating in a co-investment program that offers the opportunity to co-invest alongside the Moelis funds, and to a series of special purpose investment vehicles that hold investments made through the co-investment program. Moelis Capital Partners LLC’s business focuses on advising its clients in making opportunistic private equity, mezzanine and distressed investments of between \$25 and \$100 million in leading middle-market companies. Moelis Capital Partners LLC is indirectly owned by Kenneth Moelis.

As used in this brochure:

- “we,” “us” and “our” refer to Moelis Capital Partners LLC and its investment advisory business;
- the “Moelis broker-dealer” refers to Moelis & Company LLC;
- the “Moelis funds” refers to Moelis Capital Partners Opportunity Fund I, LP, a Delaware limited partnership and Moelis Capital Partners Opportunity Fund I-A, LP, a Delaware limited partnership; and
- the “Moelis clients” and “our clients” refer to the Moelis funds, participants in the co-investment program, and vehicles formed to effect investments through the co-investment program.

B. Types of Advisory Services Offered

We provide investment advice to the Moelis funds regarding the selection, monitoring and realization of each fund’s investments. The relationship between us and each Moelis fund is governed by the Investment Advisers Act of 1940, as amended, as well as the governing documents of each Moelis fund and the terms of investment advisory agreements concluded between us and each Moelis fund. Investments in the Moelis funds are privately offered only to qualified investors, typically institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals.

We also offer a co-investment program, which provides certain investors in the Moelis funds the opportunity to co-invest alongside the Moelis funds in individual investments on a discretionary basis. The relationship between us and each participant in the co-investment

program is governed by the subscription agreement pursuant to which the co-investment participant subscribed to the co-investment program.

The investment advice we provide to our clients is limited to private equity investment programs conducted by the Moelis funds and the co-investment program.

C. Services Tailored to Individual Needs of Clients

Our advisory services are tailored to the investment strategies of the Moelis funds and the participants in the co-investment program. The investment strategy of these funds and the co-investment program is to participate in private equity and equity-related investments in middle-market companies with EBITDA of at least \$7 million, including, without limitation, leveraged or management buyouts, recapitalizations and minority equity investments. Investment restrictions are imposed in the governing agreements for the Moelis funds and co-investment program, as specifically negotiated with investors.

D. Client Assets

As of December 31, 2010, we managed \$703,700,000 of client assets on a discretionary basis in the Moelis funds, and \$1,200,000,000 of client assets on a non-discretionary basis through the co-investment program.

V. FEES AND COMPENSATION

A. Fees

Management fees, performance fees and other fees we earn may be negotiated with investors. This brochure will be delivered only to “qualified purchasers” as defined in the Investment Company Act of 1940. Accordingly, no fee table is included in this brochure.

B. How Fees are Billed

Management fees are payable quarterly in advance by each Moelis fund. Management fees are paid by capital contributions from investors to each Moelis fund made pursuant to capital call notices delivered by each Moelis fund’s general partner, or are paid out of cash otherwise distributable to the investors, including when a portfolio investment of a Moelis fund is sold and the proceeds are distributed to investors. Each participant in the co-investment program pays a sponsor fee to us based on the amount of the participant’s capital contributions to the co-investment program. These sponsor fees are paid in advance out of each participant’s capital contribution, and are generally collected on a quarterly basis.

“Carried interest” or performance fees are assessed periodically according to each fund’s and each co-investment vehicle’s governing documents, and in the discretion of the general partner or control vehicle of the applicable fund or co-investment vehicle. These fees are typically paid out of cash otherwise distributable to investors, such as the receipt by the Moelis funds of proceeds from a portfolio investment.

C. Other Fees and Expenses

Other fees may be paid to us or to a Moelis fund's general partner, managing member, or affiliates. These fees include topping up, break-up, monitoring, directors', organizational, set-up, investment banking, underwriting, syndication and similar fees. A certain portion of these fees may offset the management or sponsor fees otherwise payable by investors in the Moelis funds or participants in the co-investment program. These potential fee arrangements are disclosed in the private offering materials for each particular private offering.

We expect that each vehicle comprising the co-investment program will reimburse us and our affiliates for each such vehicle's customary organizational and operating expenses. These expenses include, but are not limited to, audit fees, insurance, indemnity or litigation expenses, taxes, fees or other governmental charges, and counsel and accountant fees. Moreover, each Moelis fund must reimburse us and our affiliates for customary organizational and operating expenses, as the governing documents of each fund more fully describe. In addition, each Moelis fund will pay costs and expenses relating to its activities, including legal, auditing, consulting, administration, custodian and accounting fees and expenses, expenses relating to the annual meetings of the Moelis fund's limited partners, insurance and other expenses associated with the acquisition, holding and disposition of each fund's investments, extraordinary expenses (such as indemnification and litigation costs and expenses), expenses and costs incurred in connection with the organization, management and operation of any alternative investment vehicles, and all fees associated with debt service obligations, if any.

Our clients will incur brokerage and other transaction costs, and a discussion of our brokerage practices may be found at Section XII of this brochure.

D. Refunds for Fees Charged in Advance

Investors in Moelis funds and participants in the co-investment program agree to commit a certain amount of capital to a Moelis fund or the co-investment program in advance of our performance of any investment advisory functions. Fees assessed against the funds and any co-investment participant are paid to us, in advance, from these amounts as described in Section V.B.

Upon termination of the investment advisory agreement with a Moelis fund or a co-investment participant, we will return to such Moelis fund or co-investment participant any paid but unearned portion of the management fee. In general, such fees are pro-rated from the date of termination to the end of the period to which the advance fee applied.

E. Compensation for Sales of Securities

Neither we nor our supervised persons accept compensation for the sale of securities or other investment products.

Our affiliate, the Moelis broker-dealer, may receive compensation for the sale of securities or other investment products. For further discussion concerning this compensation of the Moelis broker-dealer, see Section XII.

VI. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

A Moelis fund may be assessed a “carried interest” or performance fee that is paid to the fund’s general partner. The “carried interest” is assessed periodically according to each Moelis fund’s governing documents, typically after the receipt by the fund of proceeds from a portfolio investment, and are paid out of cash otherwise distributable to investors. “Carried interest” is typically measured as a percentage of the profits of a Moelis fund and is negotiated separately for each Moelis fund at a rate consistent with industry standards and in compliance with the Investment Advisers Act of 1940. Currently, investors in Moelis Capital Partners Opportunity Fund I, LP are subject to a carried interest charge, while investors in Moelis Capital Partners Opportunity Fund I-A, LP are not subject to a carried interest.

We or an affiliate may also earn a “carried interest” or performance fee for investments in the co-investment program. Currently, vehicles formed to effect the co-investment program are generally subject to a carried interest of 10%. We structure any performance or carried interest arrangement at a rate consistent with industry standards and subject to the Investment Advisers Act of 1940.

We may waive or reduce the carried interest charge for a limited numbers of investors that provide strategic value to the applicable Moelis fund, the co-investment program or a specific investment.

As noted, we manage accounts that are subject to an asset-based management or sponsor fee as well as a performance-based carried interest. Performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier than those which would be recommended under a different fee arrangement, as we capture a set fraction of an investment’s upside but do not suffer proportionately the downside of the investment.

Performance fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. That incentive is not as strong in our case, as each of the Moelis funds and the co-investment program generally invest in lockstep with one another. There may be instances, however, where an investment is offered to only one of the Moelis funds, or is deemed not to meet either of the Moelis funds’ investment objectives and is offered only to the co-investment program. We have designed and implemented procedures to procure that all clients are treated fairly in such situations, and to prevent this potential conflict of interest from influencing the allocation of investment opportunities among or between our clients. Specifically, before any such investment is undertaken, our deal teams must submit an allocation memo to our “Investment Committee” recommending and explaining the allocation of each investment among our clients. The allocation memo addresses the investment objectives of the relevant clients, the capital available for investment by each client, the sharing rules set forth in the applicable governing agreements, and the basis for the allocation recommended to the Investment Committee. Under no circumstances may we or any of our affiliates allocate investment opportunities based on anticipated compensation or profits to ourselves, the Moelis broker-dealer, or any of their affiliates or employees. For further discussion regarding investment allocation, see Section X.C.

VII. TYPES OF CLIENTS

We provide investment advice solely to the Moelis funds and participants in the co-investment program, as well as vehicles formed to effect investments to be made by the co-investment program.

We offer interests in the Moelis funds and participation in the co-investment program only to qualified investors, typically institutional investors and eligible high-net worth individuals. We typically impose a minimum investment in connection with participating in a Moelis fund or the co-investment program, often in the range of \$5 million to \$10 million, although these minimums may generally be waived in our discretion. On occasion, we may also offer investment opportunities to our qualified professional personnel, as well as other qualified institutions or individuals (for example, executives of present or former portfolio companies) who have a pre-existing relationship with us or offer expertise or other assistance with respect to a particular investment area or portfolio company.

VIII. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The Moelis funds primarily participate in private equity and equity-related investments in companies operating in the middle-market with EBITDA of at least \$7 million, including, for example, leveraged or management buyouts, recapitalizations, and minority equity investments. The co-investment program generally offers opportunities to participate alongside the Moelis funds in these same investments. We seek to closely partner with entrepreneurial owners and/or management teams of portfolio companies to grow their companies.

We engage in a detailed due diligence process for each potential investment, including modeling short and long-term financial scenarios, company assessment, industry analysis, competitive benchmarking, evaluation of company management, risk assessment and transaction size, and pricing and structure analysis. The due diligence effort includes our investment professionals as well as operating management teams, legal, tax, insurance and accounting advisors and third party consultants. In our analysis of potential investments, we primarily use information that a potential portfolio company provides to us as a result of our due diligence review. Additionally, we use information regarding investment opportunities sourced from the Moelis broker-dealer and other affiliated broker-dealers. We may also employ third-party advisors.

Investments in the Moelis funds and the co-investment program involve significant risks, including risks of losing the entire investment, and investors in the Moelis funds and the co-investment program must be prepared to bear this risk of a total loss of their committed or invested capital. Please see Section VIII.B for additional risks associated with these investments.

B. Material Risks

Investments in the Moelis funds and the co-investment program involve significant risks. There can be no assurance that any investment will meet its investment objectives, or that an investor will receive a return of its capital. In many cases, the success of our investment strategy

will depend, in part, on our ability to restructure and effect improvements in the operations of the portfolio companies held by the Moelis funds or vehicles of the co-investment program. Identifying and implementing potential operating improvements involves a high degree of uncertainty, and there can be no assurance that we will be able to successfully identify and implement these improvements. The performance of prior investments made by the Moelis funds or in the co-investment program is not indicative of any expected future results.

Investment in the Moelis funds and the co-investment program also require a long-term commitment, as the Moelis funds and the co-investment program generally do not sell the securities of portfolio companies for a number of years. In many cases these securities are not publicly tradable. Consequently, any returns on the investments are paid to investors multiple years after they invest in a Moelis fund or the co-investment program. A variety of factors, including national and international economic conditions, asset conditions, political and regulatory considerations, and public opinion, may impact each Moelis fund's or a co-investment program vehicle's ability to buy or sell investments on favorable terms, if at all. Further, interests in the Moelis funds have not been registered under the United States Securities Act of 1933, as amended, or any other applicable securities laws and are not transferable except with the consent of the applicable general partner, which may be withheld by the applicable general partner in its sole discretion. Investors in the Moelis funds generally may not withdraw capital from any Moelis fund. Consequently, investors in the Moelis funds may not be able to liquidate their investments prior to the end of the term of the Moelis funds.

In addition, the investments made by the Moelis funds and the co-investment program are expected to include companies whose capital structures may have significant leverage. These investments are inherently more sensitive to declines in revenues and increases in expenses and interest rates; the use of leverage enhances the possibility of a significant loss in the value of an investment portfolio. Our ability to achieve attractive rates of return on investments will depend on our continued ability to access sufficient sources of indebtedness at attractive interest rates. Further, if additional financing (including leverage) is needed for the capital requirements of a portfolio company, the availability of capital may be a function of capital market conditions that are beyond our control.

Investors in the Moelis funds and the co-investment program will not have the right to participate in the management of the Moelis funds or co-investment vehicles, or in decisions made by the general partners of the vehicles or us on their behalf. As a result, investors in the Moelis funds and the co-investment program will have almost no control over their investments in the Moelis funds and the co-investment program.

If a limited partner of a Moelis fund or a co-investment program vehicle fails to pay any portion of its capital commitment when due, and the contributions made by non-defaulting limited partners and borrowings by such fund are inadequate to cover the defaulted capital contribution, such fund may be unable to pay its obligations when due, and its ability to execute its investment strategy or to otherwise continue operations may be impaired. As a result, a Moelis fund or a co-investment program vehicle may be subjected to significant penalties that could materially adversely affect the returns to the limited partners (including non-defaulting limited partners). A default by a substantial number of limited partners would limit opportunities

for investment diversification and would likely negatively affect such Moelis fund or co-investment program vehicle's economic results.

We compete with a number of investment banks, commercial banks, private equity funds, specialized investment funds, hedge funds, corporate buyers and other financial institutions. As a result of this intense competition, we face the risk that the Moelis funds and co-investment program will not be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, or fully invest its committed capital.

Because of the various lines of merchant banking and advisory businesses of our affiliates, we are subject to a number of actual and potential conflicts of interest and to greater regulatory scrutiny than that to which we would otherwise be subject. In addressing these conflicts and regulatory requirements across our various businesses, we implement certain policies and procedures (for example, information "walls") that may reduce the positive synergies that we cultivate across these businesses. For example, we may come into possession of material nonpublic information with respect to issuers in which we may be considering making an investment or issuers that are our advisory clients

All investment decisions will require the approval of the Investment Committee, which is made up of certain of our senior personnel. The success of the Moelis funds and co-investment program depends in substantial part on the skill and expertise of these individuals and other key executives. There can be no assurance, however, that our senior professionals will continue to be associated with us or our affiliates throughout the life of a given Moelis fund or co-investment vehicle. The loss of one or more key personnel could materially and adversely affect the Moelis funds and co-investment program and the performance of their investments. Further, the investments of the Moelis funds and co-investment program in portfolio companies will be guided primarily by the management team of the portfolio company. Although we monitor the performance of each investment, there is no assurance that the existing management team of a portfolio company will continue at the company or can implement policies and plans in accordance with our plans and objectives.

Moelis funds and co-investment program investment vehicles will pay fees to us and bear significant expenses. These fees and expenses are expected to reduce actual returns to our investors. Most of the fees and expenses will be paid regardless of whether the Moelis funds and co-investment program investment vehicles produce positive investment returns.

A significant portion of our compensation is derived from "carried interest" (a performance fee), which may create an incentive for the managers of the Moelis funds and co-investment program investment vehicles to make riskier or more speculative investments on behalf of the Moelis funds and co-investment program investment vehicles than would be the case in the absence of this arrangement, although our own commitment of capital to the Moelis funds and co-investment program investment vehicles may somewhat mitigate this incentive.

The investors in the Moelis funds and co-investment program investment vehicles may have conflicting investment, tax and other interests with respect to their investments in the Moelis investment vehicles. These conflicting interests of individual investors and of the different Moelis fund vehicles may relate to or arise from, among other things, the nature of

investments made by the Moelis funds and the co-investment program, the structuring or the acquisition of investments, and the timing of exit from investments. As a consequence, conflicts of interest may arise in connection with our investment decisions, including with respect to the structuring of investments.

An investor in a Moelis fund or with the co-investment program will only participate in a limited number of investments and, as a consequence, the aggregate return to a Moelis fund or co-investment vehicle may be substantially adversely affected by the unfavorable performance of even a single investment.

Moelis funds and the co-investment program may hold a non-controlling interest in a portfolio company, and therefore may have a limited ability to protect their interest in the portfolio company or influence the creation of value at the portfolio company.

Moelis funds and the co-investment program may make investments in companies that are experiencing financial difficulties which may never be overcome. These investments could, in certain circumstances, subject the Moelis funds or a vehicle formed to effect the co-investment program to certain additional potential legal liabilities that may exceed the value of our fund's original investment in the company. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the applicable Moelis fund or investment vehicle, and distributions by the applicable Moelis fund or investment vehicle to its investors, may be reclaimed if any such payment or distribution is later determined to have been a "fraudulent conveyance."

Each Moelis fund and co-investment program vehicle may enter into derivatives transactions and other hedging techniques to seek to preserve a return on a particular investment or to seek to protect against currency fluctuations. These transactions have special risks associated with them, including the possible default by the counterparty to the transaction and the illiquidity and high volatility of the instrument acquired by the applicable Moelis fund or co-investment program vehicle. Suitable hedging instruments may not continue to be available at reasonable cost.

The Moelis funds and co-investment program may invest in assets located outside the United States. Investment in such assets involves certain risks not typically associated with an investment in the United States, including risks relating to: (i) currency exchange matters, such as fluctuations in the rate of exchange between the U.S. dollar and various non-U.S. currencies, and costs associated with conversion of currency; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. markets, and less government supervision and regulation; (iii) certain economic and political risks, including on repatriation of capital, nationalization of business enterprises, political, economic or social instability, the possibility of substantial rates of inflation and the possibility of expropriation or confiscatory taxation; (iv) the possible imposition of non-U.S. taxes on income and gains on foreign assets; and (v) differences in applicable legal systems, including the possibility that a Moelis fund or a vehicle formed in connection with the co-investment program may experience difficulty in court cases in non-U.S. jurisdictions.

There are no readily ascertainable market prices for many types of illiquid investments which the Moelis funds and the co-investment program investment vehicles may hold. Portfolio valuation inherently is highly subjective and imprecise and requires the use of techniques that are costly and time consuming and ultimately provide no more than an estimate of value.

Although, under normal circumstances, the Moelis funds and co-investment program investment vehicles intend to make distributions in cash or in publicly traded securities, it is possible that under certain circumstances (including liquidation of a Moelis fund or co-investment program vehicle) distributions may be made in kind and could consist of securities for which there is no readily available public market.

An investor in a Moelis fund or the co-investment program is likely to face complicated tax analyses, and the tax treatment of an investment in a Moelis fund or the co-investment program is subject to potential legislative, judicial or administrative change at all times. The U.S. federal income tax treatment of ownership of an interest in a Moelis fund or the co-investment program depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the Internal Revenue Service and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships, which is the legal structure of the Moelis funds and co-investment program vehicles. The present U.S. federal income tax treatment of an investment in a Moelis fund or the co-investment program may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made.

The U.S. securities laws applicable to us and our operations are constantly under review by persons involved in the legislative process and by the SEC, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. These laws may be modified by legislative, judicial or administrative action at any time. For example, the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act made several sweeping changes to these U.S. securities laws. Also, the SEC recently amended the rules promulgated under the Investment Advisers Act of 1940, as amended, with respect to political contributions and payments by investment advisers to third parties in connection with the solicitation of government clients. These recent revisions to the U.S. securities laws and potential future revisions and interpretations could adversely affect the investors in Moelis funds and the co-investment program, including by increasing compliance costs of our operations. Other jurisdictions are similarly reviewing their respective laws, regulations and policies with respect to private investment funds and their investment advisers and any changes thereto may have an adverse affect on investors in Moelis funds and the co-investment program.

We and our affiliates and personnel are subject to extensive regulation by the SEC and other federal and state agencies, including periodic inspections and examinations. Even if an investigation or proceeding does not result in a sanction against us or our personnel, or if the sanction imposed is small in monetary amount, the adverse publicity attendant to the

investigation, proceeding or imposition of sanctions could harm our reputation and materially adversely impact our businesses and returns to investors.

While each Moelis fund and co-investment program vehicle may, in some respects, be considered similar to an investment company, these vehicles are not registered, nor do they intend to register, as such under the Investment Company Act of 1940 or similar laws of another country or jurisdiction, and thus the provisions of the Investment Company Act of 1940 will not be applicable to the Moelis funds and co-investment program vehicles.

C. Particular Securities

The Moelis funds and the co-investment program do not specialize in investments in a particular type of security or industry sector. Moelis funds and the co-investment program have traditionally invested in portfolio companies involved in several industry sectors, including, for example, business services, retail, financial services, healthcare, and telecommunications.

IX. DISCIPLINARY INFORMATION

There are no legal or disciplinary matters that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

X. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealers

We are not registered, and do not have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. As discussed separately in this brochure, the Moelis broker-dealer is a registered broker-dealer. Three of our management persons (Kenneth Moelis, Elizabeth Crain, and Peter Vogelsang) are registered representatives of the Moelis broker-dealer.

B. Futures and Commodity Trading

Neither we nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing types of entities.

C. Material Relationships

As previously noted, we are affiliated with the Moelis broker-dealer, a broker-dealer registered with the SEC and a member of FINRA. We may source investment opportunities for the Moelis funds and the co-investment program from the Moelis broker-dealer and its affiliates' financial services businesses. It is also expected that the Moelis broker-dealer or its affiliates will provide financial advisory services to certain of the portfolio companies in which the Moelis funds and vehicles formed in connection with the co-investment program invest. Under these engagements, the Moelis broker-dealer (or its representatives) may be entitled to a fee from us or from the Moelis funds. This relationship may create a conflict of interest between us and the Moelis broker-dealer (and its representatives), because the Moelis broker-dealer (or its

representatives) may have a financial incentive to recommend transactions that are not in the best interests of our clients. We have internal policies and procedures designed to address this conflict of interest, including an information barrier between us and the Moelis broker-dealer and specialized training for employees who, as a consequence of their management positions, may be exposed to this potential conflict of interest more regularly, despite our information barrier policies.

We provide investment advisory services to, and serve as sponsor of, affiliated investment partnerships, limited liability companies and their general partners or managing members, as applicable, as well as the co-investment program. In accordance with our internal policies and procedures, as well as the governing documents of the Moelis funds and the co-investment program, we seek to allocate investment opportunities among our clients in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, permissible and preferred asset classes and liquidity needs. Under no circumstances may we or an affiliate allocate investment opportunities based on anticipated compensation or profits to us, the Moelis broker-dealer or any of their affiliates or their employees.

In November 2010, one of our affiliates acquired Gracie Credit, a leading multi-strategy credit manager with approximately \$2 billion in assets under management. Gracie Credit operates independently of our advisory business, but may, on occasion, provide asset management services to our clients in exchange for a fee. Upon this acquisition, we have instituted policies and procedures designed to mitigate any potential conflicts of interest that our affiliate's ownership of Gracie Credit may create with our advisory services. These measures include the formation of an information barrier between us and the primary executives of Gracie Credit to ensure that privileged and proprietary information derived from our advisory business not be used for the benefit of the Gracie Credit unit. Further, under no circumstances may our Investment Committee engage the Gracie Credit operating unit on terms other than arm's length in respect of the Moelis funds and co-invest program.

D. Other Investment Advisors

We do not recommend or select other investment advisers for our clients.

XI. CODE OF ETHICS, PARTICIPATION IN OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

We have established a Code of Ethics, which consists of policies and procedures reasonably designed to ensure compliance by us and our personnel with the Investment Advisers Act of 1940, as amended, and its rules and regulations, and to reflect our fiduciary duties to our clients. As a fiduciary, we must act in our clients' best interests. In other words, Moelis personnel may not benefit at the expense of clients. To that end, our employees must:

- Place the interests of our clients above any personal interests and refrain from taking for their own advantage an opportunity that rightfully belongs to us;
- Keep all investment-related information or other non-public information relating to a portfolio investment or client confidential;
- Refrain from, directly or indirectly, purchasing or selling any security while in possession of material, non-public information regarding such security, whether or not such information was obtained in the course of employment;
- Refrain from giving or accepting gifts or other benefits where a gift may be regarded as an inducement to the recipient to act contrary to his/her duties to us or our clients;
- Conduct all personal securities transactions in a manner consistent with the Code of Ethics (including pre-clearance of certain transactions and reporting of all transactions by certain personnel);
- Refrain from competing directly or indirectly with us or our affiliates or using corporate property, information or position for personal gain;
- Report any violation of the Code of Ethics to our Chief Compliance Officer; and
- Acknowledge the terms of our Code of Ethics annually.

The Code of Ethics also provides guidelines on avoiding potential conflicts of interest that might arise in the management of client investment programs and the operation of the Moelis broker-dealer and its affiliated broker-dealers, among other provisions.

Clients and prospective clients may request a copy of our Code of Ethics by contacting Peter Vogelsang, General Counsel and Chief Compliance Officer, at 212-883-3833 or peter.vogelsang@moelis.com.

B. Participation or Interest in Client Transactions

We provide ongoing portfolio management and investment advisory services for the Moelis funds and participants in the co-investment program. Investment decisions are made by our Investment Committee. The Investment Committee is responsible for monitoring and managing each Moelis fund's investment portfolio in accordance with its particular investment objectives, limitations and guidelines, and as set forth in the applicable governing agreements. We also comply with restrictions provided in the applicable governing agreements relating to principal transactions or other affiliated transactions, in which we or our personnel may have interests that are not aligned with the interests of one or more of our clients.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. The potential for agency cross transactions, or other conflicts of interest, arises given our affiliation with the Moelis broker-dealer. For example, in the course of conducting its business, the Moelis broker-dealer and its affiliated broker-dealers may act as broker-dealer or agent in executing

securities transactions for its clients and other persons, which may include our clients. In addition, our clients may invest in portfolio companies that are clients of the Moelis broker-dealer and its affiliated broker-dealers, and the Moelis broker-dealer and/or such affiliated broker-dealers may be entitled to a fee in respect of such investment. As a result, a conflict of interest may exist between our clients, on the one hand, and the Moelis broker-dealer and/or its affiliated broker-dealers, on the other hand. As described in this brochure, we have established policies and procedures reasonably designed to mitigate such conflicts of interests.

Client cross transactions occur where an adviser executes a securities transaction between two (or more) of its managed client accounts. Cross transactions may benefit clients because they can avoid transaction fees that might otherwise apply had the buy and the sell transaction been exposed to potential market transaction fees. However, they also can create conflicts of interest because, by not exposing such buy and sell transactions to market forces, clients may not receive the benefits of best price, or an adviser might seek to prop up the performance of one fund by selling under-performing assets to another fund in order, for example, to earn higher fees in the aggregate.

It is our policy not to execute any principal or agency cross securities transactions for client accounts unless our Investment Committee deems the transaction to be in the best interest of a particular client, our client and our Chief Compliance Officer give prior consent, and the transaction complies with SEC requirements. We also generally refrain from cross trading between client accounts unless the consent of both clients is obtained or our Chief Compliance Officer approves the transaction based on special circumstances.

The general partner of each Moelis fund may, from time to time, receive fees or other payments in respect of investments completed by the funds and/or the co-investment vehicles, such as deal fees, monitoring fees or transaction fees. Such fees are not dependent on the performance of the investment, and may create a conflict of interest between us and our clients. To address this potential conflict, such fees generally offset the management fees paid by the client Moelis funds or co-investment program vehicles to us.

C. Personal Trading

Conflicts of interest may arise between a Moelis fund and/or the co-investment program and us when we invest on our own behalf in the same securities that we recommend to the Moelis funds or the co-investment program, or have another interest in a transaction that is, or may be, in conflict with the interest of any of the Moelis funds or the co-investment program. To address these conflicts, the governing documents for the Moelis funds and vehicles formed to effect the co-investment program contain specified procedures for managing or obtaining client consent for conflicts of interests, including obtaining consent for any conflict from an Advisory Committee comprised of investor representatives that is given the power to waive such conflicts after disclosure of material information related to the conflict.

Our investment professionals may also have personal conflicts of interest, such as (i) a material interest in a transaction to be entered into with or for a Moelis fund or the co-investment program; (ii) a relationship that gives or may give rise to a conflict of interest in relation to a transaction; or (iii) another interest in a transaction that is, or may be, in conflict with the interest

of a Moelis fund or the co-investment program. In addition to the conflict waiver procedures described above, we have established internal procedures to identify and manage such conflicts. Pursuant to our Code of Ethics, each of our employees is required to submit to our Chief Compliance Officer a report of the employee's securities holdings (which must be updated annually), as well as provide to our Chief Compliance Officer a report of any personal securities transactions on a quarterly basis. In addition to these reports, our employees have an obligation to report any personal conflict of interest to our Chief Compliance Officer as such conflict becomes known. Our employees must obtain our Chief Compliance Officer's prior approval before buying or selling any covered security, including, but not limited to, stocks, bonds, puts, calls, options, and partnership or limited liability interests. In addition, our employees are prohibited from purchasing securities issued in an initial public offering or in a private placement of securities (including an investment in a Moelis fund), without obtaining pre-approval in writing from our Chief Compliance Officer.

To prevent insider trading and other inappropriate forms of personal trading activities, we also maintain "restricted list" procedures. Under these procedures, our Chief Compliance Officer will place any securities of publicly-traded companies for which we can be deemed to possess material, non-public information on a "restricted list." Employees must report the receipt of any such information to the Chief Compliance Officer or his designee, and are strictly prohibited from trading in securities (including, without limitation, equity, debt or options) on the restricted list for their own account. Employees are prohibited from communicating to anyone other than another employee that a security is on the restricted list, and must include a certification with each quarterly report that any personal trading was conducted in compliance with the restricted list procedures. These requirements are in addition to the reporting and pre-clearance obligations described above.

Finally, each Moelis fund's general partner and/or its affiliates or beneficial owner(s) is required by the fund's governing documents to commit capital to each Moelis Fund, either as a limited partner or through a parallel vehicle. This capital requirement is intended to further align the general partner's interest with that of the fund's investors. As an affiliate, we may supply a portion of this capital on behalf of the general partner.

D. Personal Trading Contemporaneous with Client Transactions

See Sections XI.A, XI.B and XI.C.

XII. BROKERAGE PRACTICES

A. Selection of Broker-Dealers

Our business is advising the Moelis funds and the co-investment program on making opportunistic private equity, mezzanine and distressed investments in private securities. Accordingly, as a general matter we do not advise our clients on investments in public securities, and generally do not transact business through broker-dealers. However, in situations where we may need to select a broker-dealer, we will consider the broker's execution capabilities, including block positioning, research, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution for all client securities transactions. We may, from

time to time, engage the Moelis broker-dealer or its affiliated broker-dealers to provide brokerage services to our clients. These types of arrangements are disclosed in the relevant private offering materials.

1. *Research and Other Soft Dollar Benefits*

Given the nature of the investments made by the Moelis funds and the co-investment program, we do not typically make investments in listed companies. As a result, we do not have any soft dollar arrangements in place that would require us to give any specified amount of brokerage to any broker-dealer. We may receive unsolicited research from brokers, dealers and banks through which we execute portfolio trades or hold accounts. In circumstances in which we use such research, the quality and ability to receive research may factor into the selection of brokers, dealers and banks executing portfolio trades. Even in these cases, the broker-dealer's ability to achieve superior execution for our clients remains the primary factor influencing the selection of a broker-dealer.

2. *Brokerage for Client Referrals*

We do not consider whether we, or a related person, receive client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers. On occasion, we will engage the Moelis broker-dealer to solicit capital on behalf of the Moelis funds or the co-investment program. We do not consider the Moelis broker-dealer's success or failure in raising capital for the Moelis funds or the co-investment program when selecting or otherwise recommending a broker-dealer.

3. *Directed Brokerage*

Directed brokerage occurs when an adviser recommends, requests or requires that a client direct an adviser to execute transactions through a specified broker-dealer. In the limited occasions when we do require the services of a broker-dealer, we generally have the authority to select the broker-dealer our clients will use. Not all advisers require their clients to direct brokerage. As a result of this direct brokerage, we may be unable to achieve most favorable execution of client transactions, and this practice may cost clients more money.

We may, either at the direction of a client or through our own discretion, engage the Moelis broker-dealer to execute securities transactions on behalf of our clients. A conflict of interest may arise in these situations between us and the Moelis broker-dealer on one hand and our client on the other. As previously noted, our Code of Ethics contains provisions to identify and manage these potential conflicts, including requirements that we must seek to obtain best execution for all client securities transactions regardless of the broker-dealer.

B. *Aggregation of Orders of Securities for Client Accounts*

Given the nature of the investments made by the Moelis funds and the co-investment program, we do not typically make investments in listed companies. We do not routinely aggregate the purchase or sale of securities for various client accounts. However, when the Moelis funds or the co-investment program conducts trading through a broker-dealer, we will seek to aggregate orders whenever practicable and cost-efficient.

XIII. REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

Our investment team professionals and financial operations professionals review the operations of the Moelis funds and the co-investment program on a periodic basis. These professionals monitor operations, overall performance, financial performance and strategic direction of each portfolio company. Each portfolio company provides us with regular reports regarding its financial status and performance, except in the rare instances where our quantum of control is immaterial, in which case we receive public information. Portfolio companies controlled by the Moelis funds or the co-investment program generally provide monthly reports, whereas portfolio companies not controlled by the funds or the co-investment program generally provide reports on a quarterly basis. Our Investment Committee as a whole also performs quarterly comprehensive reviews of each portfolio company.

B. Factors that Trigger a Review of Client Accounts

Our investment professionals review the portfolio investments of the Moelis funds and the co-investment program on a periodic basis. There are no specific triggers to launch a portfolio review.

C. Reports to Clients

We deliver written financial reports, including information relevant to each of our clients' (and, where applicable, their investors') investments with us on a quarterly basis. Clients (and, where applicable, their investors) also receive written annual reports within 90 days of the end of each fiscal year that include audited financial statements (including a balance sheet and a statement of income or loss) and a summary of the portfolio investments for the applicable investment program. All investors in our client funds and the co-investment program are also invited to our annual investor meeting. Quarterly, we conduct conference calls with investors to report on portfolio investments.

We also provide our clients (and, where applicable, their investors) with copies of this brochure at least 48 hours prior to their investment, as well as with periodic updates. We offer this brochure annually to such persons, who can also access the brochure at any time on our secure investor website.

XIV. CLIENT REFERRALS AND OTHER COMPENSATION

A. Client Referrals

Although as a general matter we do not accept economic benefits from a person who is not a client for providing investment advice or other advisory services to the Moelis funds or participants in the co-investment program, we may, on occasion, receive management fees, monitoring fees or similar fees, or reimbursements of certain expenses, from portfolio companies in which a Moelis fund or a co-investment program vehicle has invested. To address this potential conflict, such fees generally offset the management and/or sponsor fees paid by our clients, and are disclosed in the relevant private offering materials.

B. Compensation for Client Referrals

We or our affiliates may, from time to time, enter into arrangements in which persons (including our affiliates or employees) will assist in the capital raising efforts of one or more of our investment programs in exchange for a fee. The fee paid to the placement agent may be calculated as a percentage of funds raised by the placement agent, as specifically negotiated between us and the placement agent. These relationships will affect the independence of the placement agent in connection with the placement agent's recommendations of a particular investment program. We or our affiliates will not engage a placement agent that is not duly registered with FINRA (or, if applicable, corresponding non-U.S. authorities) or duly registered with the SEC as an investment adviser. These types of arrangements are disclosed in the relevant private offering materials.

XV. CUSTODY

We will not take or maintain physical custody of any client assets, and will, in accordance with the Investment Advisers Act of 1940, as amended, conduct all business operations in such a way that all client assets will be preserved in the safekeeping of independent "qualified custodians." Our clients' custodians will generally be banks, trust companies or broker-dealers unaffiliated with us.

For those clients for which we are deemed to have custody of client assets within the meaning of the Investment Advisers Act of 1940, such clients (and, where applicable, their investors) receive audited financial statements from us within 120 days of the end of each fiscal year. Consequently, our clients (and, where applicable, their investors) will not receive statements directly from the qualified custodian of client assets.

XVI. INVESTMENT DISCRETION

We have discretionary authority to manage the portfolios of each of the Moelis funds and to recommend investments through the co-investment program. This authority is not limited by either of the Moelis funds' governing documents.

XVII. VOTING CLIENT SECURITIES

A. Authority to Vote Client Securities

Although our investment programs do not typically involve publicly-traded securities, where such securities are involved, we believe our policies and procedures are reasonably designed to ensure that proxies are voted in the best interests of clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. The relevant Moelis investment staff vote proxies in accordance with our proxy voting guidelines, unless a Moelis fund's ownership of securities is subject to a voting agreement or shareholders' agreement, in which case any such voting or shareholders' agreement will control in the event of a conflict between the terms of such agreement and our proxy voting guidelines.

Our proxy guidelines require our Chief Compliance Officer or his/her designee to review all proxies prior to submission. The Chief Compliance Officer coordinates the receipt of each

proxy, the communication of the votes to third parties, and the maintenance of all supporting documentation.

Our general policy is to vote proxy proposals, amendments, consents or resolutions relating to portfolio companies of the Moelis funds or the co-investment program (collectively, “proxies”) in a manner that serves the best interest of such Moelis fund or co-investment program vehicle, as determined by us in our discretion, taking into account relevant factors, including:

- The impact on the value of the returns of the relevant Moelis fund or co-investment program vehicle;
- alignment of portfolio company management’s interest with the relevant Moelis fund or co-investment program vehicle interest, including establishing appropriate incentives for management;
- the ongoing relationship between the relevant Moelis fund or co-investment program vehicle and the portfolio companies in which it invests, including the continued or increased availability of portfolio information; and
- industry and business practices.

For routine matters, we generally vote proxies in accordance with the recommendation of the portfolio company’s management, unless we believe such recommendation is not in the best interest of the client. For non-routine matters, such as changing the state of incorporation or extending shareholders’ rights, we typically vote in support of management, but decide these matters on a case-by-case basis.

When any proxy raises material conflicts between us or our employees and one of our clients, such conflict will be fully disclosed to the Chief Compliance Officer. In the event of a conflict, we will vote the proxy in a manner we determine to be in the best interest of the client, provided that such vote is against our own interest in the matter. If we believe we should vote in a way that may also benefit, or be perceived to benefit, our own interest, then we must take action in accordance with the client’s governing agreement, which may include disclosure of the facts surrounding any such conflict to the LP Advisory Committee of the applicable Moelis fund or co-investment vehicle and obtaining its consent before voting such proxy.

The Chief Compliance Officer will maintain a file or database of (i) our proxy voting policies and procedures; (ii) proxy statements received regarding client securities; (iii) records of votes cast by us on behalf of clients; (iv) records of client requests for proxy voting information; and (v) any documents prepared by us that were material to the voting decision, for two years in our offices and for three years in an easily accessible site.

Investors in our client funds may request further information regarding our proxy voting policies and procedures, or how we have voted on specific proxies, from the Chief Compliance Officer, and the Chief Compliance Officer maintains a record of such requests.

Further, as discussed in this brochure, our investment professionals often serve as directors on the boards of portfolio companies held by the Moelis funds and the co-investment program. To the extent a vote of directors replicates the voting of a proxy, our investment professionals are generally expected to apply the principles found in our proxy voting guidelines when making such directorial decisions.

XVIII. FINANCIAL INFORMATION

A. Financial Conditions Likely to Impair Contractual Commitments

We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to clients.

B. Bankruptcy Petitions

We have not been the subject of a bankruptcy petition at any time during the past ten years.

XIX. REQUIREMENTS FOR STATE-REGISTERED ADVISORS

This Item is not applicable. We are not registered with any state securities authority.