

PART 2A OF FORM ADV: FIRM BROCHURE



CREDIT VALUE PARTNERS, LP

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This brochure provides information about the qualifications and business practices of Credit Value Partners, LP. If you have any questions about the contents of this brochure, please contact us at (203) 893-4700 or info@cvp7.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 Credit Value Partners, LP also is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov.

Credit Value Partners, LP is an investment adviser registered with the Securities and Exchange Commission. Registration as an investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

Summary of material changes since March 2013 annual update:

CVP has moved its primary office location to 49 W Putnam Avenue in Greenwich, Connecticut, and has opened new office locations in Princeton, NJ and New York, NY. The firm has closed its office in Chicago.

Additionally, Joseph Matteo joined CVP in September 2013 and is a control person. The firm launched CVP Cascade CLO-1 Ltd., its first collateralized loan obligation vehicle, in January, 2014.

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Item 4 Advisory Business

Credit Value Partners, LP provides investment management services to private pooled investment vehicles, otherwise referred to as investment funds, that are offered to investors on a private placement basis. The investment funds are generally structured as Delaware limited partnerships or Cayman Islands exempted corporations or exempted limited partnerships. Credit Value Partners, LP also provides investment management services to separately managed accounts directly or through sub-advisory arrangements with a client's primary investment adviser. In connection with providing these investment management services, Credit Value Partners, LP has been appointed as the investment manager or sub-investment adviser with discretionary trading authorization.

Credit Value Partners, LP was formed in June 2010 and began operating on October 1, 2010, serving as investment manager for Candlewood Private Finance Fund, L.P., Candlewood Private Finance Fund (Cayman) Ltd. and its related master fund (together, "CCVF I"). As of December 31, 2010, these investment funds began the process of winding up their business in connection with the launch of Candlewood Credit Value Fund II, L.P. and Candlewood Credit Value Fund (Cayman) II, L.P. ("CCVF II"). Since January 1, 2011, Credit Value Partners, LP has been serving as the investment manager for CCVF II. Credit Value Partners, LP also launched a proprietary investment vehicle for qualified CVP employees on March 18, 2011, called CVP Distressed Fund, LP. No management or performance fees are charged to employees in respect of their investments in CVP Distressed Fund, LP. In December 2011, Credit Value Partners, LP launched an investment vehicle with a 5 year term, called Credit Value Partners Distressed Duration Fund (Cayman), LP, and in March 2012 launched a US version of the same fund, called Credit Value Partners Distressed Duration Fund, LP (together, "CVP DD Fund"). In March, 2013, Credit Value Partners, LP began marketing a new fund, Credit Value Fund III, LP and Credit Value Fund (Cayman) III, LP (together with Credit Value Master Fund III, LP, "CVF III"), with a 5.5 year term. Credit Value Partners also closed on CVP Cascade CLO-1 Ltd on January 16, 2014 with \$419.35MM of debt and equity.

Credit Value Partners, LP began providing investment advisory services for certain separately managed accounts as of October 1, 2010 pursuant to sub-advisory arrangements with the clients' primary investment adviser.

As part of its investment management services, Credit Value Partners, LP may offer advice on a variety of investment types, including investments in real estate, hedge funds, private placements, venture and post-venture capital companies, commodities, and debt securities issued by public or privately held, corporations or partnerships, foreign governments, foreign governmental agencies or supranational organizations.

Credit Value Partners, LP also provides advice on the management of leveraged loans and leveraged finance assets through structured vehicles, private investment funds, and separately managed accounts. In managing certain accounts and providing investment management services, Credit Value Partners, LP may use a variety of proprietary and non-proprietary quantitative driven models and methods. Credit Value Partners, LP utilizes multiple strategies, including but not limited to, distressed debt, value equity, relative value, and current income in managing the investment funds and separately managed accounts. Credit Value

Partners, LP employs a portfolio construction methodology that combines a top-down approach to industry and sector allocation with a bottom-up credit analysis and valuation of individual issuers for high yield strategies. Please see “**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**” below for a further discussion of the methods of analysis used by Credit Value Partners, LP in connection with providing its investment management services.

Credit Value Partners, LP has full discretionary authority with respect to investment decisions. Credit Value Partners, LP’s advice with respect to the investment funds and separately managed accounts is given in accordance with the investment objectives and guidelines set forth in the applicable investment fund’s offering documentation or a separately managed account’s sub-advisory agreement. Except as otherwise set forth in an investment fund’s offering documentation or a separately managed account’s sub-advisory agreement, Credit Value Partners, LP does not tailor its advisory services to the individual needs of its clients and clients are prohibited from imposing restrictions on investing in certain securities or types of securities. Please see “**Item 16 - Investment Discretion**” below for a discussion of Credit Value Partners, LP’s investment authority.

As of December 31, 2013 Credit Value Partners, LP had regulatory assets under management of \$983,967,815, which it manages on a discretionary basis. Credit Value Partners, LP does not manage any client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Fees Generally

Management fees charged to investment funds by Credit Value Partners, LP generally accrue monthly or quarterly and may be paid in advance or arrears and will be pro rated for partial months and quarters. Management fees payable to Credit Value Partners, LP by the CCVF II and CVP DD and CVF III Funds are paid quarterly in advance and deducted from capital contributions made by their investors or out of investment proceeds. While Credit Value Partners, LP does not currently receive a performance fee in connection with the services it provides to the investment funds, its related persons acting as general partner of the funds receive a performance allocation based on a percentage of the capital gains or capital appreciation of assets under management.

Expenses

Each of the investment funds bears its own operating and other expenses. Additionally, depending upon the structure of a particular investment fund, that investment fund may bear its pro rata share of fund expenses incurred by a “master fund.” Expenses borne by each of the investment funds include, but are not limited to, investment-related expenses (*e.g.*, brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, attorneys, brokers or other professionals or advisers who provide research, advice, proxy voting services or due diligence services with regard to investments, research-related expenses, appraisal fees and expenses, and investment banking expenses), legal expenses, accounting, audit, tax preparation and other tax-related expenses, entity-level taxes, expenses related to obtaining insurance for the managing members, general partners of the investment funds and the partners of Credit Value Partners, LP and their officers and directors, organizational and offering expenses, administration fees and related costs paid to and borne by an administrator, extraordinary expenses and other similar expenses related to the investment funds, as the general partner of the investment funds determines in its sole discretion and the costs for any in-house accountants and other personnel providing such services to the extent such expenses are generally consistent with the costs customarily charged by third-party professionals. In no event will the fees paid to any such in-house party, when added to the fees paid to an administrator, be greater than the market rate generally charged by third-party professionals for providing such services to other similar investment funds. As detailed above, the investment funds will bear certain brokerage and other transaction costs in connection with Credit Value Partners, LP providing investment management services - please see “**Item 12 - Brokerage Practice**” for a further description of Credit Value Partners, LP’s brokerage practices.

Fees and Expenses Paid by Separately Managed Accounts

All fees for separately managed accounts are subject to negotiation and established pursuant to each separately managed account's advisory or sub-advisory agreement. Such fees are generally invoiced and paid quarterly in arrears by the client and are not deducted from the client's account unless previously agreed with the client; brokerage commissions, stock transfer fees, and similar charges incurred in connection with transactions for the separately managed accounts are paid out of the assets of the separately arranged accounts. Please see "**Item 12 - Brokerage Practice**" for a further description of Credit Value Partners, LP's brokerage practices.

Item 6 Performance Based Fees and Side-by-Side Management

Credit Value Partners, LP charges its clients a management fee which is calculated as a percentage of client assets under management.

Credit Value Partners, LP or one of its related persons may charge certain investment funds or other clients a negotiated performance fee based on a share of capital gains or capital appreciation of assets under management, or based on some other measure as agreed between Credit Value Partners, LP and the investment fund. In some instances, the fee calculation may include a base or “hurdle rate” that must be exceeded before the fee is payable. Any performance fees charged to the investment funds will comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended, and the applicable rules thereunder.

Pursuant to the terms of a separately managed account’s sub-advisory agreement, Credit Value Partners, LP may charge clients’ primary investment advisers a fee based upon a percentage of the primary investment adviser’s performance fees and management fees, on either a net or a gross basis.

Performance fees may create an incentive for Credit Value Partners, LP to select investments that are riskier or more speculative than would be the case in the absence of such performance fees. Additionally, Credit Value Partners, LP has an incentive to favor client accounts that charge higher performance based fee over client accounts that charge lower performance fees or only an asset-based fee, such as a management fee. These incentives may create a conflict of interest for Credit Value Partners, LP when it is simultaneously manages these types of client accounts.

Even though simultaneously managing client accounts that are charged various performance fees and client accounts that are charged other fees may create a conflict of interest, Credit Value Partners, LP has a fiduciary obligation to allocate investment opportunities among its various clients in a manner that results in fair and equitable treatment of client accounts over time. Moreover, Credit Value Partners, LP has policies in place to help ensure that the clients’ interests are placed first. Particularly, supervisors within Credit Value Partners, LP are responsible for overseeing investment opportunities and will generally review transactions for consistency with investment objectives, suitability and that, over time, investment opportunities are fairly allocated among eligible client accounts.

Item 7 Types of Clients

Credit Value Partners, LP provides or may provide advice to individuals, banks and thrift institutions, investment companies, pensions and profit sharing plans, trusts, estates or charitable arrangements, corporations and other entities, registered and/or unregistered investment funds, institutions or other investment advisers, which may be affiliates of Credit Value Partners, LP. In this role, Credit Value Partners, LP may either act as an adviser or a sub-adviser. Credit Value Partners, LP may also engage sub-advisers which may be affiliates of Credit Value Partners, LP to perform advisory services.

As a requirement for opening or maintaining a separately managed account, Credit Value Partners, LP may impose a minimum dollar value of assets. Credit Value Partners, LP may consider the characteristics of certain asset classes when determining whether a separately managed account will be subject to a requirement to maintain a minimum dollar value of assets. Credit Value Partners, LP may make exceptions to minimum dollar value limits in its sole discretion.

While Credit Value Partners, LP does not place a limit on the minimum or maximum offering amount for any of the investment funds that it advises, individual limited partners who want to participate in the investment funds may be required to invest a minimum amount which varies depending on the investment fund. These requirements are disclosed in each investment fund's offering documentation.

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

Credit Value Partners, LP subjects each investment opportunity to a bottom-up fundamental analysis, including cash flow and liquidity analysis, asset valuation and in-depth research on industry dynamics. Generally, Credit Value Partners, LP's portfolio managers and analysts perform comparable company credit and valuation analysis in considering an investment and also give consideration to other factors, including the equity sponsor, if any, the debt underwriters, the agent lender, covenants, legal documentation, research coverage and secondary market liquidity. Additionally, Credit Value Partners, LP evaluates relative value across industry sectors, themes, asset classes and investment strategies. Importantly, by conducting a review of technical factors, including deal size, liquidity, and market overhang, Credit Value Partners, LP seeks to optimize market timing for individual credits. An overall collaborative and team-based approach leverages contrasting perspectives and regiments the due diligence process.

Credit Value Partners, LP seeks to generate risk-adjusted performance returns through credit selection and timing of investments. Presentations are made by analysts and portfolio managers at regular portfolio management meetings. Consideration is given to credit pricing in the current environment and comparable companies. A consensus decision is required to execute and to determine the size of the purchase amount, within approved parameters, by the portfolio managers.

Active management and position monitoring represents a foundation of Credit Value Partners, LP's credit investment process. While most investment positions are intended to be long-term investments, Credit Value Partners, LP continues to analyze the fundamentals of the companies that it invests in, as well as exogenous factors including, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

Credit Value Partners, LP may employ a variety of investment strategies, including investments in commodity futures and options, investments in various derivative instruments for hedging purposes or to create exposure in lieu of holding actual securities or other investments, and investments in currencies, including through forward contracts. In addition, Credit Value Partners, LP may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage and forward contracts.

Investing in securities involves a high degree of risk, including the risk that the entire amount invested may be lost. Investors should be prepared to bear such risks of loss.

The following is a summary of material risks related to each significant investment strategy or method of analysis used by Credit Value Partners, LP. It is important to note, however, that the summary of material risks below is not meant to be exhaustive or complete. Please refer to the offering documents of the investment funds for a more detailed explanation of the material risks related to the significant investment strategies or methods of analysis that Credit Value Partners, LP uses to manage client accounts.

Leverage. While leverage presents opportunities for increasing a client's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a client would be magnified to the extent a client's investment is leveraged.

Margin. In general, the anticipated use of short-term margin borrowings results in certain additional risks to clients. In the event of a sudden drop in the value of the client's assets, the client might not be able to liquidate assets quickly enough to satisfy its margin requirements.

Derivative and Option Investments. When clients buy options, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of the clients' investment in the options (including commissions). When clients sell (write) options, the risk can be substantially greater than when they buy an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. This risk is theoretically unlimited unless the options are covered.

Short Selling. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to clients of buying those securities to cover the short position. There can be no assurance that clients will be able to maintain the ability to borrow securities sold short. There can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Further, the principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Credit Value Partners, LP would otherwise recommend, to the possible detriment of clients. Market liquidity or disruption could result in major losses to clients.

Hedging Transactions. It is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any,

on a client's investments. This may lead to losses on both the client's investments and the related transaction. In addition, it may not be possible to hedge against certain risks at all.

Currency Risks. The clients' investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Highly Volatile Markets. The prices of financial instruments in which clients may invest can be highly volatile. Price movements of forward and other derivative contracts in which clients' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients' investments are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses.

Illiquid Investments. Credit Value Partners, LP may direct that client assets be invested in securities, asset backed securities, bank debt and other claims, and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable and clients may not be able to sell them when they desire to do so or to realize what they perceive to be their fair value in the event of a sale.

High Yield Debt. Clients may invest a portion of their assets in debt, including, without limitation, "higher yielding" (and, therefore, generally higher risk) debt securities. In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high-yield securities has experienced periods of volatility and reduced liquidity.

Mezzanine Loans. A mezzanine loan is a privately negotiated, high yield and often unsecured subordinated debt obligation of an issuer that is unrated or rated below investment grade, the payments on which obligation often contain a form of equity participation in the issuer. Mezzanine loans typically have greater credit and liquidity risk than loans and are typically less liquid than high-yield bonds. A mezzanine loan may not have any public rating from a rating agency, nor will it have been registered with any securities regulator.

Collateralized Debt Obligations. Clients may invest in collateralized debt obligations, otherwise referred to as CDOs. As discussed in the offering documents of the investment funds, CDO securities are subject to credit, liquidity and interest rate risks. Moreover, the value of the CDO securities owned by clients generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets, or collateral, of the related collateralized debt obligation, general economic conditions, the condition of certain

financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Asset Backed Securities and Mortgage Backed Securities. Clients may invest a portion of their assets in asset backed securities and mortgage backed securities. The investment characteristics of asset backed securities and mortgage backed securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, that payments are only made in respect of defined assets and that the principal typically may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. Further, investments in asset backed securities and investments in mortgage backed securities are subject to different risks. Please see the offering documents of the investment funds for a discussion of these risks.

Relative Value. The success of a relative value trading strategy depends on the ability to identify overvalued and undervalued investment opportunities and exploit perceived inefficiencies in the pricing of financial instruments and capital, financial products or markets. Identification and exploitation of such discrepancies involve uncertainty. A reduction in the pricing inefficiency of the markets in which clients seek to invest will reduce the scope for clients' strategies. In the event that the perceived mispricings underlying clients' positions were to fail to converge toward, or were to diverge further from, relationships expected by Credit Value Partners, LP, clients may incur losses.

Credit Default Swaps. Client assets may be invested in credit default swaps. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views.

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

Credit Value Partners, LP or one of its affiliates may serve as a general partner to an investment fund that retains Credit Value Partners, LP as an investment adviser. Additionally, Credit Value Partners, LP may, on behalf of the investment funds and separately managed accounts, for liquidity, portfolio rebalancing, trade allocation or other reasons, purchase financial instruments from, sell financial instruments to or enter into agreements with other investment funds or separately managed accounts (i.e., “cross transactions”). The terms of any such cross transactions will be commercially reasonable and will not be materially less favorable to the investment funds than those available in the market with an unrelated third party. Credit Value Partners, LP will receive no special fees or other compensation in connection with cross transactions. Expenses incurred in a cross transaction will be allocated equitably between the investment fund or separately managed account and the other party to the cross transaction. Similarly, if a transaction is cancelled, any costs incurred will be allocated equitably between the investment fund or separately managed account and the other party to the cross transaction. When effecting cross transactions between client accounts, Credit Value Partners, LP will have potentially conflicting divisions of loyalty and responsibility with respect to each participating investment fund and separately managed account. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in an investment fund by Credit Value Partners, LP and its personnel, Credit Value Partners, LP will comply with the requirements of Section 206(3) of the Advisers Act, including that Credit Value Partners, LP will notify the investment fund (or an independent representative of the investment fund) or separately managed account owner in writing of the transaction and obtain the consent of the investment fund (or an independent representative of the investment fund) or separately managed account owner.

Credit Value Partners, LP’s personnel may invest in eligible investment funds of its or their choosing and are not required to invest in all investment funds. It is expected that, if such investments are made, the size of these investments will change over time. Neither Credit Value Partners, LP nor its personnel are required to keep any minimum investment in any of the investment funds.

The investment funds will be subject to a number of actual and potential conflicts of interest involving Credit Value Partners, LP and its affiliates. Any such conflict of interest could have a material adverse effect on the investment funds and their investors. However, Credit Value Partners, LP and its affiliates have substantial incentives to see that the assets of the investment funds appreciate in value, and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of the investment funds. When a conflict of interest arises, Credit Value Partners, LP will endeavor to ensure that it is resolved fairly. Credit Value Partners, LP has in place policies and procedures that it believes are reasonably designed to identify and resolve actual and potential conflicts of interest. For example, all employees of Credit Value Partners, LP must promptly report to their supervisor and the chief compliance officer any potential or actual conflict of interest that results from that employee’s position or duties, including potential or actual conflicts related to personal account trading, business affiliations, directorships, and the giving and receiving of business gifts and entertainment.

Further, conflicts of interest may arise from the fact that Credit Value Partners, LP, its personnel and its affiliates engage in a wide variety of businesses, and currently and in the future, will provide investment management services to “Other Funds” which include, without limitation, investment funds, structured investment vehicles, managed accounts and proprietary accounts. Credit Value Partners, LP or the investment funds may invest or have some interest in certain of such Other Funds or other businesses. CVP Capital, LLC, as affiliate of Credit Value Partners, LP, has an application pending to register as a broker-dealer, for which the principals and many of the employees of Credit Value Partners, LP would act as registered representatives.

Credit Value Partners, LP and its affiliates will provide discretionary investment management services to Other Funds which may have the same, similar or different investment objectives to those of the investment funds and separately managed accounts. Credit Value Partners, LP and its affiliates may give advice and recommend investments to the Other Funds which may differ from advice given to, or investments recommended or bought for, the investment funds and separately managed accounts, even though their investment objectives may be the same or similar to those of the investment funds and separately managed accounts. Furthermore, the fact that each of the investment funds and separately managed accounts will pursue many of the same investment and trading strategies as certain Other Funds it is likely to have beneficial effects on such Other Funds. For example, when the investment funds and separately managed accounts establish the same or similar positions as the positions in an Other Fund, the existence of the investment funds’ and separately managed accounts’ positions could have a beneficial impact on pricing and possibly trading in the relevant market. Such benefits are likely to enhance the value and perhaps the liquidity of the Other Funds and, consequently, increase the compensation earned by Credit Value Partners, LP from such Other Funds. Thus, there will be conflicts of interest inherent in managing the investment funds and separately managed accounts and the Other Funds simultaneously.

Credit Value Partners, LP and its affiliates will devote as much of their time to the activities of the investment funds and separately managed accounts as they deem necessary and appropriate. Credit Value Partners, LP and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with each of the investment funds and separately managed accounts and/or may involve substantial time and resources of Credit Value Partners, LP or one or more of its affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Credit Value Partners, LP and its officers and employees will not be devoted exclusively to the business of the investment funds and separately managed accounts but will be allocated between the business of the investment funds and separately managed accounts and the management of Other Funds.

Credit Value Partners, LP may give advice or take action with respect to the investments and transactions in the Other Funds that may differ from the advice given or the timing or nature of any action taken with respect to financial instruments and transactions in the investment funds and separately managed accounts due to a variety of differences such as regulatory and tax issues and differences in investment programs. As a result, even though the investment funds or separately managed accounts and an Other Fund may have similar investment objectives and

pursue similar investment strategies, they may have substantially different portfolios and investment returns. Conflicts of interest may also arise when Credit Value Partners, LP makes decisions on behalf of the investment funds and separately managed accounts with respect to matters where the interests of Credit Value Partners, LP or one or more Other Funds differs from the interests of the investment funds and separately managed accounts. Credit Value Partners, LP will implement internal processes and mechanisms for assessing the investment programs of the investment funds, separately managed accounts and the Other Funds.

Certain actual and potential conflicts of interest may also arise from the fact that:

- certain Other Funds may invest in the investment funds, and the personnel managing such Other Funds generally will have more information about the investment funds and the investment funds' investments than other investors which may influence their decisions about investing in, or withdrawing, the Other Funds' investments in the investment funds;
- Credit Value Partners, LP uses certain of the strategies described herein in certain of its Other Funds and Credit Value Partners, LP has sole discretion in determining the investment funds' level of participation in the strategies described herein;
- personnel who provide services to Credit Value Partners, LP and affiliates of Credit Value Partners, LP may choose to personally invest in certain, but not all, or none of the investment funds;
- the investment funds may acquire certain securities of entities for which Credit Value Partners, LP or an affiliate acts as investment adviser, or general partner and receives compensation therefrom or is the initial purchaser of such securities;
- Credit Value Partners, LP, its affiliates and investment funds and accounts managed by them may acquire investments representing different parts of the capital structure of issuers that the investment funds invest in and, in connection therewith, may take actions that have an adverse effect on the investment funds' investments;
- Credit Value Partners, LP and its affiliates may be buyers or sellers of credit protection that reference securities or other assets owned by the investment funds and separately managed accounts; and
- Credit Value Partners, LP and its directors, officers, agents and affiliates and their employees may serve on creditor or equity committees or advise companies subject to bankruptcy or insolvency proceedings or otherwise be engaged in financial restructuring activities in a variety of capacities.

Other present and future activities of Credit Value Partners, LP and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, Credit Value Partners, LP will attempt to resolve such conflicts in a fair and equitable manner.

Credit Value Partners, LP may enter into side letters and other agreements and arrangements with certain clients pursuant to which those clients may receive reports and have access to information regarding the investment funds' portfolios that might not be generally available to other clients. Such clients may be able to base their investment decisions, including, without limitation, a decision to withdraw their capital from certain investment funds, on information that is not generally available to other clients. Side letters may also provide more favorable terms relating to liquidity and fees or incentive fees.

Affiliates of Credit Suisse AG, a bank organized and regulated under the laws of Switzerland with banking operations in the United States own an equity interest in (i) Credit Value Partners, LP, (ii) one or more general partners of the investment funds, and (iii) one or more of the investment funds.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Credit Value Partners, LP strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Credit Value Partners, LP has adopted a Code of Ethics. The Code of Ethics incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code of Ethics and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of securities and financial circumstances of clients, including investment funds' investors, must be kept confidential; and
- independence in the investment decision making process must be maintained at all times.

The Code of Ethics also places restrictions on personal trades by employees, including that they disclose their personal securities transactions to Credit Value Partners, LP on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions.

Investors may request a copy of the Code of Ethics by contacting Credit Value Partners, LP at the address, email address or telephone number listed on the cover page of this brochure.

Credit Value Partners, LP also maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Credit Value Partners, LP's personnel are required to certify their compliance with the Code of Ethics, including the Insider Trading Policies.

Credit Value Partners, LP's insider trading policies prohibit Credit Value Partners, LP and its personnel from trading for the investment funds and separately managed accounts or themselves, or recommend trading, in securities of a public company while in possession of material, non-public information about the company, which is referred to as "insider" information, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, Credit Value Partners, LP may have access to insider information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Credit Value Partners, LP has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to insider information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of insider information to and within Credit Value Partners, LP, as well as prevent trading based on insider information.

Accordingly, Credit Value Partners, LP may not have access to insider information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be certain cases where Credit Value Partners, LP either may receive insider information due to its various activities on behalf of itself or the investment funds and separately managed accounts or may be restricted in acting for the investment funds and managed accounts, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. Credit Value Partners, LP seeks to minimize those cases whenever possible, consistent with applicable law and its insider trading policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

Item 12 Brokerage Practices

Credit Value Partners, LP considers the full range and quality of a broker's services, including execution capability, commission rate, financial responsibility and responsiveness when selecting broker-dealers for client transactions and when determining whether a broker's compensation is reasonable. Further, Credit Value Partners, LP seeks to obtain best execution for brokerage transactions for its clients and from time to time reviews its trade execution practices to assess the quality of the execution of brokerage transactions.

Research and Other Soft Dollar Benefits

Credit Value Partners, LP generally does not enter into "soft dollar" arrangements, meaning arrangements where an investment adviser obtains products and services, other than securities execution, from a broker-dealer in return for directing client securities transactions to the broker-dealer. Credit Value Partners client brokerage commissions are not directed to particular brokers in exchange for information we receive. Credit Value Partners does, however, receive research and unpublished commentary from a variety of broker-dealers, including those to whom our clients pay a commission in connection with purchase and sales of loans and other transactions. The research and commentary can include both proprietary as well as third party materials. While much of the information is unsolicited and not directly relevant to the transactions in which we engage, some is specifically related to, and can aid in decision-making regarding, the loans or other assets underlying client transactions. We view this research and commentary as "free" in that we do not agree to pay a higher commission to receive such research and commentary than we would otherwise pay for execution of client transactions. That being said, the provision of such information may create an incentive to select a broker-dealer based on the volume or quality of the information from a particular broker-dealer, rather than on execution price. Any benefits to our investment analysis gleaned from the information received on an asset underlying a client transaction is for the benefit of all clients that participate in the transaction.

Brokerage for client referrals

Not applicable.

Directed Brokerage

In an advisory relationship, Credit Value Partners, LP customarily makes periodic investment recommendations or decisions to or on behalf of the applicable advisory client. These recommendations include identifying securities to be bought or sold, the total amount of such purchases and sales, and the timing and price of such transactions.

Credit Value Partners, LP may have the right to determine the executing brokers or, in certain circumstances, an advisory client may request that Credit Value Partners, LP, as an accommodation, place orders for the purchase or sale of the securities being recommended with a specific broker. Client directed brokerage arrangements often result in the inability to achieve

the most favorable execution of transactions and may result in higher costs to clients because there is no ability for Credit Value Partners, LP to aggregate orders to reduce transaction costs.

Credit Value Partners, LP has a fiduciary obligation to allocate investment opportunities among its various clients in a manner that results in fair and equitable treatment of client accounts over time. To that end, the execution of orders for clients that have identified the use of a particular broker may be delayed until after the execution of non-broker designated orders have been completed, or Credit Value Partners, LP's portfolio managers may use another trade execution process to satisfy a client that has designated the use of a particular broker.

With respect to investment funds that invest directly in investment securities or other assets and with respect to separately managed accounts, if Credit Value Partners, LP believes that the purchase or sale of a security is in the best interest of more than one investment fund or more than one separately managed account, it may (but is not obligated to) aggregate the orders to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent practicable and when permitted by applicable laws and regulations.

Where trades are aggregated, the transactions, as well as the expenses incurred in the transactions, will be allocated by Credit Value Partners, LP according to a policy designed to seek to ensure that such allocation is fair and equitable over time and consistent with Credit Value Partners, LP's fiduciary duty and client guidelines in order to construct a fully invested portfolio (including its duty to seek to obtain best execution of trades).

Depending upon market conditions, the aggregation of orders may result in higher or lower average prices paid or received. Orders which are not aggregated are entered at the market prices prevailing at the time of the transaction. Accordingly, trades that are not aggregated and entered at different times during the same day may result in different pricing.

In addition, derivative transactions may be priced by the counterparty or pursuant to the respective documentation for the derivative transactions. Thus, client portfolios may be priced at different levels. While Credit Value Partners, LP seeks to minimize the price disparity that may result, there can be no assurance that consistent pricing will be achieved among advisory clients and investment funds. Further, there is no assurance that investment funds or advisory clients with similar strategies will hold the same investments or perform in a similar manner.

Allocations are made in a manner which Credit Value Partners, LP deems to be fair and equitable over time. Due to the nature of certain assets as well as specific client guidelines, pro rata allocation of trading opportunities is not always feasible, therefore such allocations are driven primarily by a number of factors, including client guidelines, investment fund documentation, legal and tax concerns and Credit Value Partners, LP's internal investment policies. Credit Value Partners, LP's internal investment policies are based in general on its overall view of market conditions relative to the investment portfolio, including, such factors as, the nature and size of existing holdings and cash positions. For example, consideration may be given to investment funds which are ramping up or have sizable inflows or outflows of funds. Allocations may be made to accounts managed in a similar manner in order to provide similar size exposure to investments.

Pursuant to this policy, each investment fund or advisory client that participates in an aggregate order will generally participate on a pro rata basis at the average price for the aggregated order in that security on a given business day, by broker, with transaction costs shared pro rata based on each investment fund's or on each advisory client's participation in the transaction. If the order is partially filled, it generally will be allocated pro rata in proportion to the size of the orders placed for each participating investment fund. The accounts aggregated may include registered and unregistered investment companies managed by Credit Value Partners, LP's affiliates and accounts in which Credit Value Partners, LP and its affiliates and their respective officers, directors, agents or employees own interests or may benefit directly or indirectly.

Item 13 Review of Accounts

Credit Value Partners, LP's investment professionals review the relevant portfolio on an on-going basis and provide written reports to advisory clients at such times as set forth in the relevant investment fund documentation or sub-advisory agreement. The investments made by Credit Value Partners, LP's clients are generally long-term in nature. Accordingly, the review process is not directed toward a short term decision to purchase or sell securities. However, Credit Value Partners, LP carefully monitors companies in which its clients invest and generally maintains an ongoing evaluation of such companies.

The primary investment adviser of separately managed accounts and investors in each investment fund generally are provided with periodic written reports and relevant tax reporting information. In addition, special written reports may be developed to meet specific client requirements or respond to client inquiries. Periodic reports delivered to the primary investment adviser of the separately managed accounts are generally delivered daily and monthly and generally include information regarding all of the activities and holdings of the separately managed accounts.

Item 14 Client Referrals and Other Compensation

Credit Value Partners, LP or the funds under its management may pay fees to financial intermediaries, advisers, planners, and individuals who refer their clients to Credit Value Partners, LP. Depending upon the investment fund's structure and documentation, such fees can be paid from the applicable investment fund's assets, and the fund may receive a corresponding reduction in management fees. In the alternative, Credit Value Partners, LP may pay a portion of its advisory fee and/or performance fee, if any, to any of its affiliates and other third parties for purchasers of interests in investment funds or separately managed accounts. In addition, Credit Value Partners, LP may pay a portion of its advisory fee and/or performance fee, if any, to any of its affiliates and other third parties for their referral of clients or investors in investment funds to Credit Value Partners, LP. Such fees paid to any affiliates and other third parties also will be in accordance with applicable law and any other applicable obligations of those individuals and entities receiving such fee.

Currently, Credit Value Partners, LP has engaged Credit Suisse Securities (USA) LLC and certain other entities as non-exclusive placement agents for the placement of investors in certain of the investment funds. Such placement agents receive on-going payments based upon a percentage of the management fee or commitments attributable to the investors in the applicable investment fund introduced to Credit Value Partners, LP.

Credit Value Partners, LP is not compensated for its investment advice or other advisory services from a client other than the management fees and performance allocations or fees described above. Please see **"Item 5 - Fees and Compensation," "Item 6 - Performance Based Fees and Side-by-Side Management"** and **"Item 12 - Brokerage Practices,"** above for a discussion of fees that Credit Value Partners, LP may charge.

Item 15 Custody

If Credit Value Partners, LP or one of its related persons acts as the general partner or managing member of an investment fund, Credit Value Partners, LP will be deemed to have custody of client assets and therefore must adhere to applicable custody requirements. Credit Value Partners, LP may also be deemed to have custody of client assets for an investment fund or separately managed account if it has actual possession of client funds or securities or has the ability to withdraw assets from a client's account, including authorization to withdraw advisory fees from a client's custodial account. Other than the forgoing circumstances, Credit Value Partners, LP does not have custody of any client funds or securities.

JPMorgan Chase and Credit Suisse Securities (USA) LLC act as the qualified custodian to certain of the investment funds and The Bank of New York Mellon acts as qualified custodians for the separately managed account. Each of these qualified custodians delivers quarterly statements to clients of Credit Value Partners, LP and clients should review these account statements carefully. In addition, Credit Value Partners, LP anticipates that it will send a copy of audited financial statements to limited partners of its pooled investment vehicles within 90 days of the end of each fiscal year.

Item 16 Investment Discretion

Credit Value Partners, LP has full discretionary authority with respect to investment decisions, and its advice with respect to the investment funds and separately managed accounts is given in accordance with the investment objectives and guidelines set forth in the applicable investment fund's offering documentation or the applicable separately managed account's sub-advisory agreement. Except as otherwise may be set forth in an investment fund's offering documentation and a separately managed account's sub-advisory agreement, clients may not impose restrictions on investing in certain securities or types of securities. Moreover, each of the investment funds have entered into an investment management agreement with Credit Value Partners, LP and each of the separately managed accounts have entered into a sub-advisory agreement with Credit Value Partners, LP that, in each case, appoints Credit Value Partners, LP as its investment adviser or its attorney-in-fact with full power and authority to supervise and direct its investments on a fully discretionary basis.

For the investment funds and for the separately managed accounts over which Credit Value Partners, LP has full discretion, Credit Value Partners, LP determines which investment securities or other assets are to be purchased and/or sold. Credit Value Partners, LP may be limited as to the securities or other assets that may be purchased by the offering documents and other governing documents of the investment funds or the investment mandate provided by a client with respect to a separately managed account, as well as applicable securities laws.

Item 17 Voting Client Securities

The Securities and Exchange Commission adopted Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Credit Value Partners, LP has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of the investment funds or separately managed accounts, as determined by Credit Value Partners, LP, in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Credit Value Partners, LP may refrain from voting proxies where Credit Value Partners, LP believes that voting would be inappropriate. Credit Value Partners, LP will consider the cost of voting the proxy and the anticipated benefit to the investment funds or separately managed accounts when making a determination to refrain from voting proxies.

Clients may not direct Credit Value Partners, LP's vote in a particular situation. Conflicts of interest between Credit Value Partners, LP and its clients with respect to voting their securities are addressed by Credit Value Partners, LP's proxy voting committee, which is comprised of Credit Value Partners, LP's portfolio managers, controller and chief compliance officer. The proxy voting committee will review the proxy voting policies and procedures of Credit Value Partners, LP annually to ensure that they are designed to promote the best interests of its clients.

In the event that the proxy voting committee favors voting in a manner that is inconsistent with the proxy voting policies and procedures, Credit Value Partners, LP will disclose the proxy voting committee's position to the client along with relevant information relating to any conflicts of interest and obtain client consent before voting. If the applicable client is an investment fund, the necessary disclosure will be made to any one director, general partner or managing member who is not an "interested person" as that term is defined in the Investment Company Act of 1940, as amended.

A copy of the proxy voting policies and procedures of Credit Value Partners, LP is available to clients upon request. Upon request, Credit Value Partners, LP will also disclose to its clients how they can obtain information on their proxy votes.

Item 18 Financial Information

Credit Value Partners, LP believes that there is no financial condition that is reasonably likely to impair Credit Value Partners, LP's ability to meet its contractual commitments to its clients.