

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 26, 2014 annual update:

Credit Value Partners, LP formed an affiliated investment manager, CVP CLO Manager, LLC, to manage its collateralized loan obligation advisory business.

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Item 4 Advisory Business

Credit Value Partners, LP (“**CVP**”) is a Delaware partnership that was formed within Credit Suisse in June 2010, and began operating as an independent firm in October 2010. CVP operates its advisory business directly and through its affiliated general partner and advisory entities: Candlewood Credit Value General LLC, CVP Distressed Duration General LLC, CVP III General LLC, CVP CLO Manager, LLC (“**CVP CLO Manager**,” and together with CVP, “**Credit Value Partners**”).

CVP provides discretionary investment management services to private funds (the “**CVP Funds**”), including two master-feeder structures (the “**CVP Opportunistic Funds**”), and one standalone U.S. domestic fund (the “**Development Fund**”), as well as a separately managed account (collectively with the CVP Funds, the “**CVP Accounts**”). CVP CLO Manager provides discretionary investment management services to two collateralized loan obligation vehicles (together, the “**CLOs**”; collectively with the CVP Funds, the “**Funds**”; and collectively with the CVP Accounts, the “**Accounts**”)

Credit Value Partners’ advice with respect to the Accounts is given in accordance with the investment objectives and guidelines set forth in the applicable Account’s offering documentation or advisory agreement, as applicable. Except as otherwise set forth in an Account’s offering documentation or advisory agreement, Credit Value Partners 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’ investment authority.

As of July 31, 2014 Credit Value Partners had regulatory assets under management of \$1,727,731,838, which it manages on a discretionary basis. Credit Value Partners does not manage any client assets on a non-discretionary basis. Credit Value Partners is principally controlled by Donald Pollard, Grant Pothast, Michael Geroux, , Howard Sullivan, Joseph Matteo, and Michael Keller.

Item 5 Fees and Compensation

Fees Generally

Management fees charged to the Funds by Credit Value Partners 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 CVP by the CVP Opportunistic Funds are paid quarterly in advance and deducted from capital contributions made by their investors or out of investment proceeds. Management fees payable to CVP CLO Manager in respect of the CLOs are payable as set forth in the relevant indenture. While Credit Value Partners does not currently receive a performance fee in connection with the services it provides to the CVP Opportunistic Funds, its related persons acting as general partner of those funds receive a performance allocation based on a percentage of the capital gains or capital appreciation of assets under management.

Expenses

Each of the Funds bears its own operating and other expenses. Additionally, depending upon the structure of a particular Fund, that investment fund may bear its pro rata share of fund expenses incurred by a “master fund.” Expenses borne by each of the 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, 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; organizational and offering expenses; administration fees and related costs paid to and borne by an administrator; extraordinary expenses and other similar expenses; and such other expenses as are described in their respective offering documents. The Funds will bear certain brokerage and other transaction costs in connection with Credit Value Partners providing investment management services - please see “**Item 12 - Brokerage Practices**” for a further description of Credit Value Partners’ 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 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 Practices**" for a further description of Credit Value Partners' brokerage practices.

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

Credit Value Partners or its related persons may charge certain Accounts a negotiated performance fee/allocation 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 and the relevant Account. In some instances, such calculation may include a base or “hurdle rate” that must be exceeded before the compensation is payable.

Performance compensation arrangements may create an incentive for Credit Value Partners to select investments that are riskier or more speculative than would be the case in the absence of such performance compensation. Additionally, Credit Value Partners has an incentive to favor client accounts that charge higher performance based compensation 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 when it is simultaneously manages these types of client accounts.

Despite the foregoing conflicts, Credit Value Partners has a fiduciary obligation to allocate investment opportunities among its clients in a manner that results in fair and equitable treatment of client accounts over time. Moreover, Credit Value Partners has policies in place to help ensure that the clients’ interests are placed first. Particularly, supervisors within Credit Value Partners are responsible for overseeing investment opportunities and will generally review transactions for consistency with investment objectives, suitability and for ensuring that, over time, investment opportunities are fairly allocated among eligible client accounts.

Item 7 Types of Clients

Credit Value Partners 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. In this role, Credit Value Partners may either act as an adviser or a sub-adviser. Credit Value Partners may also engage sub-advisers, which may be affiliates of Credit Value Partners to perform advisory services.

As a requirement for opening or maintaining a separately managed account, Credit Value Partners may impose a minimum dollar value of assets. Credit Value Partners 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 may make exceptions to minimum dollar value limits in its sole discretion.

While Credit Value Partners does not place a limit on the minimum or maximum offering amount for any of the Funds, individual investors who want to participate in the Funds may be required to invest a minimum amount which varies depending on the Fund. These requirements are disclosed in each Fund's offering documentation.

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

Methods of Analysis and Investment Strategies

CVP Opportunistic Funds and Separately Managed Account

The principal investment objective of the CVP Opportunistic Funds and the separately managed account is to achieve attractive returns through opportunistic investments primarily in stressed and distressed senior-most and senior-secured debt obligations of medium and large corporate issuers. The CVP Opportunistic Funds and the separately managed account will seek to achieve their investment objectives generally by investing in portfolios of private and public debt instruments. Other investments may include derivatives, equities and all types of debt obligations that may have varying terms with respect to collateralization, seniority or subordination within capital structures, purchase price, interest payments and maturity. The CVP Opportunistic Funds and the separately managed account will seek a combination of capital appreciation and current income by utilizing multiple strategies, including, but not limited to, investments in distressed, stressed and performing debt, value equity, relative value and capital structure arbitrage.

The CVP Opportunistic Funds and the separately managed account may use leverage in their investments and have the authority to borrow funds, enter into credit facility arrangements and use other means of financing when deemed appropriate by CVP or its related persons, subject to guidelines set forth in their offering documents or investment management agreements (as applicable.)

Further, the CVP Opportunistic Funds and the separately managed account may implement and employ any strategies or techniques and utilize any financial instruments which CVP believes will assist the CVP Opportunistic Funds and the separately managed account in achieving their investment objectives. CVP will endeavor to allocate the CVP Opportunistic Funds' and separately managed account's resources among various strategies and instruments in response to changing investment opportunities.

Development Fund

The Development Fund's investment objective is to maximize the total return to investors in the form of current income and capital appreciation through debt and related equity investments by targeting investment opportunities with favorable risk-adjusted returns.

The Development Fund will primarily invest in below investment grade, first lien, senior secured loans of U.S. middle-market companies, as well as some larger capitalization companies. To a lesser extent, the Development Fund also intends to invest in unitranche loans, second lien loans, secured bonds and unsecured bonds of U.S. middle-market companies. The Development Fund will seek to invest primarily in middle-market companies that have annual revenues of at least \$50 million and EBITDA of at least \$10 million, although the Development Fund may invest in larger capitalization companies. The Development Fund's investments, including loan originations, will typically range in size from \$5 million to \$25 million. A portion of the loans

the Development Fund originates may be debtor-in possession loans and asset based loans, and are likely to include bi-lateral as well as syndicated loans. The Development Fund may also invest in smaller or larger companies if there is an attractive opportunity, especially when there are dislocations in the capital markets, including the high yield and large syndicated loan markets. The Development Fund will focus on companies with leading market share in stable industries that have substantial barriers to entry, with an emphasis on companies that have significant assets, strong free cash flow and experienced senior management teams and high-quality sponsors.

The Development Fund intends to pursue debt investments that offer high cash yields, cash origination fees and lower leverage levels. The Development Fund will seek to structure its debt investments with strong credit protections, such as securing liens on debtors' assets, strong guaranty and inter-creditor agreements, suitable affirmative and negative financial covenants, detailed information rights and restrictions on change of control.

CLOs

The principal investment objectives of the CLOs are to provide contractually-agreed interest payments to their debt holders and provide attractive returns to their equity holders through the operation of structured investment vehicles.

The CLOs will seek to achieve their investment objectives generally by investing primarily in secured, first lien loans to non-investment grade companies. Other investments may include, among other things, unsecured first lien loans, second lien loans and debtor-in-possession loans.

CVP will endeavor to allocate the CLOs' resources among various strategies and instruments in response to changing investment opportunities.

Risk of Loss

There are a number of risks associated with the CLOs' trading objectives and strategies, including, but not limited to, risks associated with general economic conditions, illiquidity in the leveraged finance market, subordination of investments and leveraged credit risk. Please refer to each CLO's offering memorandum for a more detailed description of such risks.

There are also a number of risks associated with the other Accounts' trading objectives and strategies, including general nature of their investments, investments in illiquid securities and derivatives, the practices of short selling, possible lack of portfolio diversification and the use of leverage. Please refer to each such Account's offering memorandum or separate disclosure document, as applicable, for a more detailed description of such risks.

Item 9 Disciplinary Information

Not applicable.

Item 10 Other Financial Industry Activities and Affiliations

Certain of Credit Value Partners' affiliates serve as a general partners to certain Funds. Additionally, Credit Value Partners may, on behalf of the Funds and separately managed accounts it manages, 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 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 Accounts, Credit Value Partners will have potentially conflicting divisions of loyalty and responsibility with respect to each participating 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 and its personnel, Credit Value Partners will comply with the requirements of Section 206(3) of the Advisers Act, including that Credit Value Partners will notify the Fund (or an independent representative of the Fund) or separately managed account owner in writing of the transaction and obtain the consent of the Fund (or an independent representative of the Fund) or separately managed account owner.

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

The Funds will be subject to a number of actual and potential conflicts of interest involving Credit Value Partners and its affiliates. Any such conflict of interest could have a material adverse effect on the Funds and their investors. However, Credit Value Partners and its affiliates have substantial incentives to see that the assets of the 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 Funds. When a conflict of interest arises, Credit Value Partners will endeavor to ensure that it is resolved fairly. Credit Value Partners 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 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, its personnel and its affiliates engage in a wide variety of businesses, and currently and in the future,

will provide investment management services to multiple Accounts. Credit Value Partners or the Accounts may invest or have some interest in certain of such Accounts or other businesses.

CVP Capital, LLC, an affiliate of Credit Value Partners, has an application pending to register as a broker-dealer, for which the principals and many of the employees of Credit Value Partners would act as registered representatives.

The Accounts may have the same, similar or different investment objectives from one another. Credit Value Partners and its affiliates may give advice and recommend investments to certain Accounts which may differ from advice given to, or investments recommended or bought for, other Accounts, even though their investment objectives may be the same or similar. Furthermore, the fact that an Account will pursue many of the same investment and trading strategies as certain other Accounts is likely to have beneficial effects on such other Accounts. For example, when multiple Accounts establish the same or similar positions, the existence of the 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 other Accounts and, consequently, increase the compensation earned by Credit Value Partners from such other Accounts. Thus, there will be conflicts of interest inherent in managing the multiple Accounts simultaneously.

Credit Value Partners and its affiliates will devote as much of their time to the activities of the Accounts as they deem necessary and appropriate. Credit Value Partners 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 Accounts and/or may involve substantial time and resources of Credit Value Partners 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 and its officers and employees will not be devoted exclusively to the business of the Accounts but will be allocated between the business of the Accounts and such other investment funds and separately managed accounts.

Credit Value Partners may give advice or take action with respect to the investments and transactions in certain Accounts that may differ from the advice given or the timing or nature of any action taken with respect to financial instruments and transactions in other Accounts due to a variety of differences such as regulatory and tax issues and differences in investment programs. As a result, even though certain Accounts 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 makes decisions on behalf of certain Accounts with respect to matters where the interests of Credit Value Partners or one or more other Accounts differs from such Accounts. Credit Value Partners will implement internal processes and mechanisms for assessing the investment programs of the Accounts.

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

- certain Accounts may invest in other Accounts, and the personnel managing such investing Accounts generally will have more information about the investee Accounts

and their investments than other investors which may influence their decisions about investing in, or withdrawing, the investing Accounts' investments in the investment funds;

- Credit Value Partners uses certain of the strategies described herein in certain of its Accounts and Credit Value Partners has sole discretion in determining the investment funds' level of participation in the strategies described herein;
- personnel who provide services to Credit Value Partners and affiliates of Credit Value Partners may choose to personally invest in certain, but not all, or none of the Accounts;
- the Accounts may acquire certain securities of entities for which Credit Value Partners 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, its affiliates and certain Accounts may acquire investments representing different parts of the capital structure of issuers in which the Funds invest and, in connection therewith, may take actions that have an adverse effect on the Funds' investments;
- Credit Value Partners and its affiliates may be buyers or sellers of credit protection that reference securities or other assets owned by the Accounts; and
- Credit Value Partners 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 and its affiliates may give rise to additional conflicts of interest. In the event that a conflict of interest arises, Credit Value Partners will attempt to resolve such conflicts in a fair and equitable manner.

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

CFTC/NFA Registration

Candlewood Credit Value General LLC and CVF III General LLC are both registered as commodity pool operators (“**CPOs**”) with the Commodity Futures Trading Commission (the “**CFTC**”) and are members of the National Futures Association (the “**NFA**”). In addition, each of Donald Pollard, Michael Geroux and Grant Pothast is registered with the CFTC and the NFA as an associated person of the CPOs.

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

Credit Value Partners 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 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 on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions.

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

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

Credit Value Partners' insider trading policies prohibit Credit Value Partners and its personnel from trading for the 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 may have access to insider information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Credit Value Partners 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, as well as prevent trading based on

insider information. Accordingly, Credit Value Partners 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 either may receive insider information due to its various activities on behalf of itself or the Accounts or may be restricted in acting for the Accounts, resulting in limited liquidity or using such information for the benefit of certain clients in specific securities. Credit Value Partners 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 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 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 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. Credit Value Partners views this research and commentary as "free" in that it does 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 customarily makes periodic investment recommendations or decisions to or on behalf of each 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 may have the right to determine the executing brokers or, in certain circumstances, an advisory client may request that Credit Value Partners, 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 to aggregate orders to reduce transaction costs.

Credit Value Partners 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' portfolio managers may use another trade execution process to satisfy a client that has designated the use of a particular broker.

With respect to Funds that invest directly in investment securities or other assets and with respect to separately managed accounts, if Credit Value Partners believes that the purchase or sale of a security is in the best interest of more than one 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 according to a policy designed to seek to ensure that such allocation is fair and equitable over time and consistent with Credit Value Partners' 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 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 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, Fund documentation, legal and tax concerns and Credit Value Partners' internal investment policies. Credit Value Partners' 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 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.

Credit Value Partners generally aggregates orders among Accounts participating in the same investment. When aggregating orders, Credit Value Partners follows documented policies and procedures and seeks to aggregate orders between participating Accounts in a manner which it deems fair and equitable.

Item 13 Review of Accounts

Credit Value Partners' investment professionals review the relevant portfolios on an ongoing basis and provide written reports to advisory clients at such times as set forth in the relevant Fund documentation or advisory agreement. The investments made by Credit Value Partners' 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 carefully monitors companies in which its clients invest and generally maintains an ongoing evaluation of such companies.

The primary investment adviser of the separately managed account and investors in each Fund are generally 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 account are generally delivered daily and monthly and generally include information regarding all of the activities and holdings of the separately managed account.

Item 14 Client Referrals and Other Compensation

Credit Value Partners or the Funds may pay fees to financial intermediaries, advisers, planners, and individuals who refer their clients to Credit Value Partners. Depending upon the Fund's structure and documentation, such fees can be paid from the applicable Fund's assets, and the Fund may receive a corresponding reduction in management fees. In the alternative, Credit Value Partners or its affiliates may pay a portion of their advisory fees and/or performance compensation, if any, to any of their respective affiliates and other third parties for purchasers of interests in Accounts. In addition, Credit Value Partners or its affiliates may pay a portion of their advisory fees and/or performance compensation, if any, to any of their respective affiliates and other third parties for their referral of clients or investors in Funds to Credit Value Partners. 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 fees.

Currently, Credit Value Partners 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 Funds. Such placement agents receive ongoing payments based upon a percentage of the management fee or commitments attributable to the investors in the applicable Fund introduced to Credit Value Partners.

Credit Value Partners 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 may charge.

Item 15 Custody

Because certain of Credit Value Partners' related persons acts as general partner of Funds, they are deemed to have custody of such Funds' assets and therefore must adhere to applicable custody requirements. Credit Value Partners is also be deemed to have custody of client assets for certain Accounts because it has the ability to withdraw assets from such Accounts, including authorization to withdraw advisory fees from their custodial accounts.

JPMorgan Chase and Credit Suisse Securities (USA) LLC act as the qualified custodians to certain of the Funds and The Bank of New York Mellon acts as qualified custodians for the separately managed account. In addition, Credit Value Partners anticipates that it will send a copy of each Fund's audited financial statements to its investors within 90 days of the end of each fiscal year.

Item 16 Investment Discretion

Credit Value Partners has full discretionary authority with respect to investment decisions, and its advice with respect to the Accounts is given in accordance with the investment objectives and guidelines set forth in the applicable offering documentation or advisory agreement, as the case may be. Except as otherwise may be set forth in such documents, clients may not impose restrictions on investing in certain securities or types of securities. Moreover, each of the Funds and the separately managed account has entered into an advisory agreement with Credit Value Partners that, in each case, appoints the relevant Credit Value Partners entity 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.

Credit Value Partners determines which investment securities or other assets are to be purchased and/or sold for the Accounts. Credit Value Partners may be limited as to the securities or other assets that may be purchased by the offering documents and other governing documents of the 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

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Credit Value Partners 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 relevant Accounts, as determined by Credit Value Partners, 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 may refrain from voting proxies when Credit Value Partners believes that voting would be inappropriate. Credit Value Partners 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' vote in a particular situation. Conflicts of interest between Credit Value Partners and its clients with respect to voting their securities are addressed by Credit Value Partners' proxy voting committee, which is comprised of Credit Value Partners' portfolio managers, controller and chief compliance officer. The proxy voting committee will review the proxy voting policies and procedures of Credit Value Partners 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 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 is available to clients upon request. Upon request, Credit Value Partners will also disclose to its clients how they can obtain information on their proxy votes.

Item 18 Financial Information

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