



Amherst[®] Advisory & Management LLC

Part 2A of Form ADV

The Brochure

5001 Plaza on the Lake, Suite 225

Austin, TX 78746

Updated: December, 2013

This brochure provides information about the qualifications and business practices of Amherst Advisory & Management, LLC ("AAM"). If you have any questions about the contents of this brochure, please contact us at 512-342-3080. 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 AAM is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 Material Changes

This December, 2013 updating amendment incorporates the main office change of address. Minor text changes have been made throughout to update narrative; assets under management have been updated to reflect current December 2013 information.

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Item 4 Advisory Business

AAM is a limited liability company formed under the laws of the state of Delaware and is 100% owned by its parent company Amherst Holdings, LLC. AAM has been in business since July, 2010.

Investment Manager

AAM serves as the investment manager to related private investment partnerships (the “Partnerships”). AAM in conjunction with the General Partner of the Partnerships (an affiliate of AAM) formulates the investment objective for the Partnerships, directs and manages the investment and reinvestment of the Partnerships’ assets, and provides periodic reports to investors in the Partnerships. Investment advice is provided directly to the Partnerships and not individually to the limited partners of the Partnerships. AAM manages the assets of the Partnerships in accordance with the terms of the Partnerships’ offering documents.

As of December 31, 2013, AAM had \$391,602,000 under management on a discretionary basis which corresponds to Item 9A(2) in the Form ADV.

Collateral Manager

AAM may act as the collateral manager to certain institutional clients, including one or more of the Partnerships. In this role AAM will perform various services relating to the rights of creditors of certain investment vehicles. Each collateral management agreement between AAM and the relevant client will specify the services to be provided by AAM.

Item 5 Fees and Compensation

Investment Manager

Compensation received by AAM, and/or its affiliates, is comprised of fees based on a percentage of assets under management and incentive-based amounts. All fees are deducted directly from clients’ accounts.

Management Fees

AAM receives an investment management fee (the “Management Fee”) generally as of the last business day of each calendar quarter equal to the amount allowed as stated in the applicable partnership agreements. The Management Fee may vary between the partnerships but are normally in a range from 1-3% annualized. The Management Fee is generally payable quarterly in arrears on the last business day of each calendar quarter, based on the balances in each limited partner’s capital account in the Partnerships as of the last business day of each calendar quarter, and shall be prorated for any period of less than a full fiscal quarter. The Management Fee is non-refundable.

Incentive-Based Amounts

A portion of the Partnerships’ net investment profits may be allocated to the capital account of the general partner as “incentive-based amounts” as is specified in accordance with the terms of the Partnership’s offering documents. The general partner of the Partnerships is a related person of AAM. The manner of calculation of such incentive-based amounts is disclosed in the partnership agreement for the Partnerships. Generally, however, amounts ranging between 15%-25% of the investment profits of the Partnerships are allocated as incentive-based amounts to the general partner but only if the Partnerships achieve a specified hurdle or minimum return rate.

The General Partner has the right to waive, reduce or modify, from time to time, all or part of the Management Fee or Incentive-Based Amounts or the method of calculation thereof with respect to one or more limited partners. In this regard, the Management Fee and the Incentive-Based Amount percentages with respect to each of the Initial Investors in the Partnerships (as defined in the Partnerships' operative documents (the "RMBS Governing Documents")) will be less than the specified or minimum percentages.

Certain associated personnel of Amherst Securities Group, L.P. ("ASG"), a securities broker-dealer affiliate of AAM, who may or may not be associated with AAM, may receive compensation for selling interests in the Partnerships. As a result of receiving this transaction based compensation, a conflict exists for these personnel to recommend the purchase of interests in the Partnerships.

In addition to AAM's fees, investors bear indirectly the expenses charged to the Partnerships. Those expenses vary and typically include, but are not limited to, the following: legal/compliance, audit and accounting, administrative expenses, and custodial and transaction costs paid to custodians, brokers, and other third parties. Prior to investing in a Partnership, investors must review and sign legal documents confirming that they understand the fees and expenses charged by AAM, custodians and brokers, and other third parties, in relation to the activities of the Partnership.

Collateral Manager

Compensation

Compensation paid to AAM for the services to be provided by a collateral manager agreement would typically consist of an incentive based fee and a management fee. Each collateral management agreement between AAM and the relevant counterparty will detail the components of such fees. These fees will typically be composed of one or more of the following amounts:

- A negotiated flat fee;
- Any liquidated loan recovery fee amount;
- Any outstanding loan repurchase fee amount; or
- Any dispute settlement fee amount.

AAM may share a portion of any such fee with third party service providers which provide significant contributions to AAM in executing its responsibilities under a collateral management agreement. Any such arrangement would be delineated in writing between AAM and the service provider.

Expenses

As collateral manager, AAM may be entitled to reimbursement for certain advanced amounts, as defined in the relevant collateral manager agreements. The timing of any such reimbursements will also be defined in the relevant collateral manager agreements.



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

As stated in Item 5 Fees and Compensation above, AAM charges performance based fees which are fees based on a share of capital gains on or capital appreciation of the Partnerships' assets. The fact that AAM is compensated based on the trading profits may create an incentive for AAM to make investments on behalf of the Partnerships that are riskier or more speculative than would be the case in the absence of such compensation. .

Item 7 Types of Clients

Investment Manager

AAM provides investment supervisory services to the Partnerships. Investment advice is provided directly to the Partnerships, subject to the direction and control of the general partner of such Partnerships and not individually to the limited partners. Investors in the Partnerships may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth partnerships, endowments, foundations, banks, pooled investment vehicles (e.g., partnership-of-partnership), trusts, charitable organizations, and corporate or business entities.

Collateral Manager

AAM provides collateral manager services to certain institutional clients.

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

Investment Manager

The Partnerships' general investment objectives are to achieve consistently high risk-adjusted returns by making opportunistic investments in residential mortgage-backed securities ("RMBS"). Specific investment objectives of the Partnerships are more fully addressed in the terms of the offering documents of the Partnerships. RMBS are securities which are ultimately backed by residential mortgage pools and can vary significantly in their underlying mortgage loans, pay-out structures, credit subordination and ultimate performance.

The Partnerships' investment strategies may require a varied investment commitment specified in the terms of the offering documents of the Partnerships. The Partnerships may employ leverage and/or hedging activities from time to time in pursuit of its investment objective, subject to the Investment Restrictions set forth in the RMBS Governing Documents.

An investment in the Partnerships involves a high degree of risk, including, but not limited to, the risks listed below, and prospective investors should carefully consider the following factors, among others, in determining whether an investment in the Partnership is suitable for them.

Risks Associated with the Partnerships' Investment Strategies

The success of the Partnerships' investment activities depends to a significant degree on AAM's ability to identify and exploit investment opportunities in RMBS. No assurance can be given that AAM will be able to identify investment opportunities and the Partnerships may incur losses as a result of any failures by AAM to do so.

General RMBS Risks. RMBS evidence interests in, or are secured by, pools of residential mortgage loans. Non-performing loans associated with these residential mortgage loans may require a substantial amount of workout

negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate, capitalization of interest payments and a substantial write-down of the principal of the loan. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of certain mortgage loans, “replacement” or “take-out” financing will not be available.

The investment characteristics of RMBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time (subject in some cases to a prepayment penalty). In addition, holders of RMBS, including the Partnerships, bear various risks, including credit risks, liquidity risks, interest-rate risks, market risks, operational risks, structural risks and legal risks. Credit risk is an important concern with respect to RMBS because of the significant credit risks inherent in the underlying mortgage loans and because the RMBS that will be purchased by the Partnerships will generally not have the benefit of a guarantee by any government agency or instrumentality (“non-agency loans”).

Activist Approach. AAM may take an activist approach to some of the Partnerships’ investments. This may include filing legal actions in connection with RMBS Governing Documents; actively negotiating agreements where appropriate; and otherwise bringing pressure to bear in a manner that AAM believes will maximize value. This strategy may result in significant costs to the Partnerships and there is no assurance that such approach will be successful. Furthermore, the target of such activist approach may countersue the Partnerships.

Past and Future Developments in the Residential Mortgage Market. There have been disruptions in the mortgage market in the United States. In 2009, delinquencies, defaults and losses on residential mortgage loans increased and may continue to increase, which may affect the performance of RMBS, in particular RMBS which are backed by subprime mortgage loans. Subprime mortgage loans are generally made to borrowers with lower credit scores. Accordingly, such mortgage loans backing RMBS are more sensitive to economic factors that could affect the ability of borrowers to pay their obligations under the mortgage loans backing these securities.

Valuation Committee. AAM’s Valuation Committee is responsible, in consultation with the Partnerships’ Advisory Board, for reviewing and giving final approval to the value of all assets held by the Partnerships in accordance with AAM’s valuation policy and the Partnership Agreements. Third party pricing obtained from broker dealers or pricing services selected by the Valuation Committee shall be used as the primary pricing methodology for Partnerships’ assets. The Valuation Committee will determine the value of assets held by the Partnerships for which third party pricing is not available or in circumstances where AAM’s Investment Manager reasonably determines that such pricing does not reflect the actual value of certain assets and the Valuation Committee may make such appropriate and reasonable modifications thereto to reflect the value of the assets. The Valuation Committee may engage, at the expense of the Partnerships, third party valuation services to provide it with the valuation of certain assets. AAM may amend its valuation procedures and remove, replace or appoint additional members to the Valuation Committee without the consent of the limited partners, but, in some cases, subject to the consent of the Advisory Board, if any, which consent shall not be unreasonably withheld.

Hedging Transactions. AAM may hedge certain market or other risks inherent in the Partnerships’ portfolio but will have no obligation to do so. When hedging risk exposures associated with particular positions or in respect of an overall portfolio, AAM may use a variety of investment instruments including futures, credit default swaps, mortgage and/or real estate-related equity securities, equity derivatives, interest rate derivatives, TBAs, property derivatives, agency mortgage derivative securities and securities that are the direct obligations of the U.S.

government or any U.S. government agency, the choice of which may turn out in retrospect to have failed to create the intended risk mitigation.

Short Positions. As part of its hedging activities, AAM may take short positions in the Partnerships' accounts in certain securities in order to reduce the overall risk of the Partnerships' portfolio. A short sale of a security entails the theoretical risk of an unlimited increase in the market price of that security, which can, in turn, result in substantial losses to the Partnerships.

Leverage. AAM may use leverage in connection with the Partnerships' investments and operations, subject to the Investment Restrictions. Although the use of leverage may enhance returns and increase the number of possible investments made by the Partnerships, such leverage shall also increase the risk of loss resulting from various factors, including, without limitation, rising interest rates, down-turns in the economy or deterioration in the conditions of the investment.

Portfolio Investments May Be Difficult to Liquidate. The market for the Partnerships' investments in RMBS may be limited and there may be certain restrictions on the Partnerships' ability to liquidate their investments on a timely basis at a reasonable value. The Partnerships may have to sell, distribute or otherwise dispose of one or more of their investments at a disadvantageous time if it is able to do so at all. As a result, the Partnerships may sell, distribute or otherwise dispose of one or more of their investments for a price which is less than the price that could have been obtained if the investments were held for a longer period of time. Conversely, the Partnerships may not be able to dispose of certain of their assets for a substantial time after the period referenced above.

Partnership Interests May Be Restricted As To Resale. There is no established market for the resale of Limited Partners interest in the Partnerships. There may be strict conditions established which limit the ability of the Limited Partner to liquidate or otherwise dispose of their interest in the Partnerships. These limitations and restrictions are specified in the underlying governing RMBS documents/subscription agreements.

Collateral Manager

The collateral management services provided by AAM do not involve the analysis and the creation/implementation of investment strategies for the clients. Instead clients will provide AAM authority to act on their behalf for administrative services specifically related to the management of RMBS securities previously owned by or under the control of the client; such securities may have been re-securitized in order to enhance their collateral management attributes through the efforts of AAM's affiliates prior to submitting these assets for collateral management. Refer to the Collateral Management description found in the Advisory Business section above for additional information regarding the collateral management services.

Risk Associated with Collateral Management Services.

The success of AAM's collateral management activities depends to a significant degree on AAM's ability to identify and exploit opportunities in the client's managed assets and negotiating, litigating or otherwise taking action to enforce the rights of security holders as referred to in the collateral management agreement. No assurance can be given that AAM will successfully undertake any actions with respect to the obligations under the collateral management agreement, and the client may incur losses as a result of any failures by AAM to do so.

Activist Approach AAM generally expects to take an activist approach to many of the assets under a Collateral Management agreement, in particular as AAM deems necessary with respect to seeking to enforce the rights of security holders. This may include filing legal actions in connection with collateral management agreement;

actively negotiating agreements where appropriate; and otherwise bringing pressure to bear in a manner that AAM believes will maximize value. This strategy may result in significant costs to the client and there is no assurance that such approach will be successful. Furthermore, the target of such activist approach may, in some cases, countersue the client.

The likelihood and degree of the remedial efforts of AAM is unpredictable and the absence of a prior performance record or historical data make predictions of its future success difficult.

Item 9 Disciplinary Information

AAM and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

AAM and its affiliates act or may act as general partners or investment advisors to certain limited partnerships, other pooled investment vehicles and/or other separate accounts. Investments in any such partnerships of which AAM or any of its affiliates is a general partner or investment advisor are conducted on a private placement basis, and prospective investors are solicited only by means of the current prospectus or private placement memorandum of the relevant partnership.

AAM or its affiliates may give advice or take action with respect to other clients (including those that have investment objectives and/or investment) which may be the same as or differ from the advice given or the timing or nature of any action taken with respect to investments in any partnership. Allocation of investment opportunities among any clients (including any separate accounts and any Partnership) will be made on a basis that AAM determines in good faith to be fair and reasonable taking into account considerations that it deems relevant, such as the investment objectives and investment portfolio of each client. When the purchase and sale of securities is considered to be in the best interest of more than one client, the securities to be purchased or sold may be aggregated in order to obtain superior execution and/or lower brokerage expenses. Execution prices for identical securities purchased or sold on behalf of multiple clients in any one business day may be averaged. In such instances, allocation of prices, as well as expenses incurred in the transaction, shall be made in a manner that AAM considers to be equally as favorable to all clients.

AAM and its affiliates may trade in securities for their own accounts, subject to restrictions and reporting requirements as may be required by law, as set forth in certain partnership agreements or as otherwise determined from time to time by AAM and its affiliates. Such trading may be a conflict of interest.

With respect to any internal Valuation Committee composed either in part or in whole by employees of AAM and its affiliates where such valuation results in the compensation paid to AAM (both management fee and any incentive fee) there exists a potential conflict of interest. Valuation conflicts are addressed by either outside Advisory Board review of valuation and/or outside Administrator reviews even though final authority may reside with the Valuation Committee.

With regard to AAM-sponsored limited partnerships there exists a potential conflict of interest between initial investors (specified investors with significant capital contributions within a particular AAM-sponsored partnership) and other investors based on differing interests between initial investors and other investors given their potential

participation on advisory boards of the Partnerships. In one instance, an affiliate of an Initial Investor in and an Advisory Board member for the Partnerships holds a minority interest in Amherst Holdings, LLC.

Conflicts of interests may arise in connection with decisions made by AAM that may be more beneficial for one or more limited partners of an AAM-sponsored partnership than for other limited partners, especially with respect to each limited partners' individual tax situation.

Certain officers and employees of AAM also serve as officers and employees of affiliated companies, in particular the broker-dealer ASG, and may devote significant amount of their professional time to matters not involving the Partnerships, including matters relating to acting as a collateral asset manager. These persons may also be registered representatives of ASG and may receive compensation in the form of commissions/markups-down for securities transaction placed for client accounts including accounts of investors in the Partnerships. Such transactions are separate and distinct from transactions placed on behalf of the Partnerships and will be consistent with the brokerage client's investment objectives and guidelines.

When purchasing or selling securities for the Partnerships, AAM may execute trades through ASG. Relationships such as these could be viewed as creating a conflict of interest. Simultaneous principal trades (otherwise known as "riskless principal" trades) placed through ASG will not be charged a commission but are subject to a "markup" not to exceed 1%. All trades placed through ASG will be subject to best execution and in accordance with policies and procedures that AAM has adopted to address any potential conflicts of interest. The substantive areas of concern addressed by such procedures include access to material, non-public information, investments brokered by ASG or sourced from ASG inventory, valuation of the Partnerships' assets and broker-dealer compliance.

Certain associated personnel of ASG, a broker-dealer affiliate of AAM, who may or may not be associated with AAM, may receive compensation for selling interests in the Partnerships. As a result of receiving this transaction based compensation, a conflict exists for these personnel to recommend the purchase of interests in the Partnerships.

ASG will receive compensation for underwriting services provided to the AAM collateral management program if ASG is utilized as the underwriter in a re-securitization process; a conflict of interest exists for AAM to utilize the underwriting services of ASG.

AAM affiliates, other than ASG, have no material business dealings with AAM's advisory services. Amherst Holdings LLC ("AHLLC") provides certain management and administrative services including accounting, information technology and human resources to all its affiliates including AAM. These services are utilized in AAM's normal course of business in providing advisory services to its clients and there is no reason to believe the providing of these services creates a conflict of interest with AAM's clients.

AAM in connection with AAM's collateral management services may compensate third parties, including affiliated persons of AAM, for the referral of collateral management clients. Referral fees arrangements are disclosed in Item 14. As a result of receiving this referral based compensation, a conflict exists for AAM affiliated personnel to recommend AAM's collateral management services.

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

AAM has adopted a written Code of Ethics (“Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act.

This Rule requires AAM to adopt a Code that sets forth a standard of business conduct and compliance with federal securities laws by all of our employees. Our Code contains policies and procedures that ensure that all personal securities trading by our employees are conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. We prohibit personal trading on certain securities or instruments; we require pre-clearance before purchasing an IPO or a new issue private placement; we require periodic reporting of employees’ personal securities transactions and all holdings; and we require prompt internal reporting of Code violations.

A copy of our Code of Ethics shall be provided to any client or prospective client upon request.

AAM, and an affiliated entity, serves as the investment advisor and general partner, respectively, to the Partnerships. AAM’s parent corporation and the general partner of the Partnerships will have an investment in the Partnerships. Therefore, AAM may be considered to participate indirectly in transactions effected for those clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising there from are disclosed in the respective Partnerships’ offering documents.

Interested investors may receive opportunities to co-invest in RMBS in excess of the amount that it determines is reasonable for the Partnerships to purchase. Such opportunities will be subject to a Partnerships’ objectives and will be allocated in a manner that, in the good faith judgment of AAM and the General Partner, is in the best interests of the Partnerships. Such investors will be provided with appropriate investment information.

Item 12 Brokerage Practices

In order to ensure that it is acting in the best interests of the Partnerships in acquiring and selling assets, including obtaining best execution for such transactions, AAM is authorized to use the services of any broker which satisfies its criteria. However, AAM anticipates that it may use the brokerage services of its affiliate ASG extensively.

To address potential conflicts of interest that exist between AAM, the Partnerships and the proprietary trading activities of ASG, certain policies and procedures have been implemented including,

- The establishment of information walls to seek to prevent sharing of information and other practices that could compromise the independent operating integrity of these separate business lines;
- Procedures to seek to ensure the integrity, transparency and arms-length nature of transactions between the Partnerships and ASG (or any other affiliate of AAM);
- Periodic reviews by AAM to seek to ensure that investments by the Partnerships are obtained at the best net price considering all relevant circumstances;
- Principal trades, if any, between ASG or any of its affiliates, on the one hand, and the Partnerships, on the other hand, must be made in compliance with applicable law and may require the approval of the applicable Advisory Board, if any;



- Simultaneous principal trades executed by ASG on behalf of the Partnerships, shall be priced with a maximum mark-up of 1.0% of the market value; and
- The pricing of simultaneous principal transactions between the Partnerships and ASG (or any other affiliate) may be fully disclosed to the applicable Advisory Board, if any.
- Any principal trades originating from ASG's inventory (not a simultaneous principal trade), if any, will have special approval processes prior to execution.

When placing transactions through unaffiliated broker-dealers, AAM will seek to obtain the best execution for the Partnerships, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying AAM's other selection criteria.

AAM does not utilize any soft dollar relationships with any broker.

Item 13 Review of Accounts

Investment Manager

The accounts under AAM's investment management are monitored on an ongoing basis by members of the Investment Committee and the Chief Compliance Officer or designee. These reviews are designed to monitor and analyze transactions, positions, investment levels and performance. Particular attention is given to changes in the Partnerships' fundamentals, industry outlook, and price levels in each account.

AAM-sponsored limited partnerships are provided periodic reports as required by the general partner in order to meet the general partner's investment responsibilities as well as the general partner's periodic reporting to the limited partners.

Collateral Manager

With respect to AAM's collateral management services, the client reporting functions and frequencies are designated within the underlying management agreement and provides the current status of AAM's management obligations.

Item 14 Client Referrals and Other Compensation

AAM will from time to time directly compensate third parties for client referrals. AAM will compensate third parties, predominately ASG, an affiliated person of AAM, for the referral of collateral management clients who may (1) enter into collateral management agreements ("CMA") with AAM, (2) become investors in pooled investment vehicles ("PIV") managed by AAM or (3) become investors in Partnerships. As a result of receiving this referral based compensation, which is likely to differ depending upon whether the client enters into a CMA, becomes an investor in a PIV or becomes an investor in a Partnership, a conflict exists for AAM affiliated personnel to recommend AAM's services. AAM and ASG have entered into an agreement providing for ASG to receive a percentage of AAM's management fee and incentive-based fees for referring clients to AAM that enter into a CMA

or become an investor in a PIV. The amount to be paid to ASG is determined by a formula that is based upon AAM's and ASG's subjective determination of ASG's involvement in referring clients and, ultimately, that is derived from the management fee and incentive-based fee received by AAM relating to the value of a referred client's CMA or investment in a PIV. This percentage is discretionary and generally is expected to be between 5% and 15% of the management fee and incentive based fee. The amount to be paid with respect to investors in Partnerships is generally 10% of the management fee for a specified period of time. It is likely that ASG could earn a higher fee by referring clients to one collateral management arrangement or investment over another and therefore theoretically there is an incentive to recommend certain investments or management agreements over another. However, whether a client becomes a limited partner in a Partnership, enters into a CMA or becomes an investor in a PIV is determined solely by AAM and the client and not by ASG or any of its employees referring clients. In either case, this referral fee paid to ASG does not result in an increase in fees paid by the client. AAM currently has no other referral arrangements.

Item 15 Custody

All Partnerships' assets are held in custody by unaffiliated broker/dealers or banks, however AAM has access to client accounts since it or an affiliate serves as the general partner of the Partnerships. Investors in the Partnerships will not receive statements from the custodian. Instead the Partnerships are subject to an annual audit and the audited financial statements are distributed to each such investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Partnership's fiscal year end.

Item 16 Investment Discretion

AAM generally has discretionary authority to determine, without obtaining specific consent from the Partnerships, the securities and amount to be bought or sold. This authority is established through either a limited partnership agreement, an investment management agreement or other RMBS document. There are generally no substantive limit on our discretionary authority other than RMBS securities and related hedging instruments.

AAM, through its affiliate who is the General Partner of the Partnerships, may enter into "side letters" with individual limited partners with respect to the Partnerships without any further act, approval, or vote of any other partner, which would have the effect of establishing rights under, altering, or supplementing the terms of the limited partnership agreement with respect to such limited partner in a manner more favorable to such limited partner than those applicable to other partners. Such rights or terms pursuant to such arrangements may include, without limitation, fee arrangements with respect to such limited partner, reporting obligations of the General Partner, waiver of certain confidentiality obligations, consent of the General Partner to certain transfers by such limited partner, or rights or terms necessary in light of particular legal or regulatory characteristics of a limited partner.

Item 17 Voting Client Securities

AAM may direct certain voting rights relating to residential mortgage backed certificates or other securities. These voting rights typically include those relating to AAM's efforts when acting as collateral manager related to creditors' rights or loss mitigation efforts. Voting rights of AAM will be detailed in relevant offering memoranda for any of the Partnerships and, as relevant, in any collateral management agreements.



If applicable, AAM shall exercise voting rights related to securities held by any client in a manner in the best interests of the client and according to its collateral management agreement obligations. AAM shall consider only those factors that relate to the client's investment and AAM's obligations under its respective collateral agreement, including how its vote will economically impact and affect the value of the client's investment. In voting on each and every issue, AAM shall act in a prudent and diligent fashion and only after a careful evaluation of the issue(s) presented.

AAM recognizes that conflicts between it and clients or investors may arise when exercising voting rights and that these conflicts must be addressed. AAM believes those conflicts will be minimized because of the similarities in the investment goals in both the Partnerships and the collateral management services being offered. If and when a conflict needs to be considered the Chief Compliance Officer or designee and Chief Investment Officer are responsible for identifying any such potential conflicts of interest. If AAM has the ability to direct the foregoing voting rights and such a conflict exists, AAM shall exercise such conflicted votes according to the applicable management agreement.

In addition, AAM maintains a record of all votes cast on behalf of our clients, which are available upon client request.

Item 18 Financial Information

AAM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.