

**Form ADV Part 2A: Firm Brochure**

February 14, 2012

**Polygon Management L.P.**

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**Polygon Management L.P. is an investment adviser that is registered with the United States Securities and Exchange Commission (the “SEC”). Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.**

**This brochure provides information about the qualifications and business practices of Polygon Management LP. If you have any questions about the contents of this brochure, please contact us at +44 (0) 207 901 8300. 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 Polygon Management L.P. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)**

## **Item 2            Material Changes**

This is the first version of our brochure. Accordingly, there are no prior versions of this brochure and no material changes to be noted.

In the future, when we amend this brochure for the annual update and the amended version contains material changes from the last annual update, we will identify and discuss those changes either on this page or as a separate document accompanying this brochure. For documentation purposes, we will provide the date of the last annual update of this brochure.

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#### **Item 4            Advisory Business**

Polygon Management L.P., along with certain of its affiliated management entities (collectively, “Polygon”, the “firm” or “we”), is a global private investment founded by Reade Griffith and Paddy Dear in 2002. They were later joined by Michael Humphries in 2009.

Polygon provides investment advice to private funds, separately managed accounts or other investment vehicles. As a multi-strategy platform, we seek to build investment vehicles that leverage our specific areas of expertise and track records. We are focused on investing in areas where there is the opportunity for enduring alpha generation, and on working with groups and individuals that have demonstrated their ability over different business cycles. Our strategies do not compete with one another. Although all of our strategies are targeted, our investment teams collaborate when appropriate, participate in firm-wide risk discussions and share an infrastructure platform. This approach allows each team to focus on its opportunities while having the benefit of other market perspectives.

For each strategy, Polygon seeks to ensure compatibility of the underlying assets and strategy terms (*e.g.*, liquidity and capacity) and alignment of our investors’ interests with our own. Our approach is to maximize investment returns as opposed to assets under management.

We tailor our advisory services in accordance with each client’s governing documents (for example, in the case of a fund client, the private offering memorandum, limited partnership agreement or memorandum and articles of association and subscription documents). These documents typically contain investment guidelines for and/or investment restrictions imposed on the applicable fund or account.

We do not participate in wrap fee programs.

The amount of client assets that we manage on a discretionary basis is \$1,274,090,385 (as of December 31, 2011). We do not currently manage any client assets on a non-discretionary basis.

#### **Item 5            Fees and Compensation**

We have intentionally omitted the full section on compensation for advisory services, as our firm is an SEC registered adviser and this brochure is being delivered only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “Investment Company Act”).

We deduct all compensation described below automatically from our clients’ accounts pursuant to their governing documents.

The fees and expenses associated with an investment in our funds or accounts vary and are described in the relevant fund or account’s governing documents. The following is a general description of fees and expenses paid by our clients. We may, in our discretion, manage other funds or accounts with higher or lower fees, different fee structures, and different account arrangements.

**Management Fee.** Polygon is typically paid a management fee that is a percentage of the net asset value (“NAV”) or account balance of the relevant fund or account or as otherwise may be agreed. Such fees are typically paid monthly in advance. As redemptions from our fund client accounts are generally limited to specified redemption dates falling at month end, we would not be required to refund any pre-paid management fees. If our management fees with respect to a particular account are terminated prior to the complete rendering of services for the period, we would refund to the relevant client an amount of

management fees prorated from the date of our termination to the end of the period covered by the advance fee.

Performance Fee. We may receive an incentive fee, performance fee or a “carried interest” from our clients in connection with the performance of our duties. Incentive and performance fees may equal 20% of an investor’s share of the client’s NAV appreciation (realized as well as unrealized) and may be subject to applicable hurdles and/or high-water marks. Such fees are typically based on calendar year performance. Where applicable, we receive carried interest from our clients when distributions occur to underlying investors, and only upon achieving agreed targets. As a result, we do not receive carried interest on a regularly scheduled basis.

Organizational Expenses. Our clients may also pay for expenses related to their organization, including, but not limited to:

- legal expenses,
- accounting expenses,
- filing expenses and fees incurred in connection with organizing and establishing the fund client and its affiliates, and
- expenses incurred in connection with marketing and offering of interests in the fund and its affiliates (including travel expenses, and printing costs or other similar amounts, incurred in connection with the offering of interests in our fund client and its affiliates but excluding placement fees).

Certain of our clients may have a cap on the expenses listed above.

Operational Expenses. Our clients may also pay for expenses related to their operation, such as:

- fees, costs and expenses directly related to the purchase, holding and sale of the client’s investments, including brokerage commissions and other transaction expenses,
- expenses of any administrators, custodians, counsel and accountants (including the audit and certification fees and costs of printing and distributing reports to the client fund’s investors),
- any insurance, indemnity or litigation expense,
- any asset and property management services,
- registered office fees and filing fees,
- directors’ fees (if any),
- certain taxes,
- any fees or other governmental charges levied against the client fund, and

- expenses for transactions not completed, including amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated, and any deposits or draw-down payments that are forfeited in connection with unconsummated transactions.

We seek to allocate the expenses among the applicable clients and the applicable investments of each client in a fair and reasonable manner.

Finally, our compensation is subject to waiver and reduction. Our firm, our affiliates and certain of our professionals may invest in investment vehicles advised by us. Our principals and employees may be subject to reduced management fees, performance fees and/or carried interest on their direct or indirect investment in our fund clients.

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

Performance-based fees and allocations are described in the offering documents or agreement of the relevant client and have been described in the preceding section, Item 5 – Fees and Compensation.

The existence of these performance fees and allocations may create an incentive for our firm or our affiliates to make riskier or more speculative investments on behalf of the clients paying a performance fee or allocation. In addition, the non-existence or the existence of different rates of performance fees or allocations may create an incentive for our firm or our affiliates to favor certain clients when making an investment decision than would be the case in the absence of these arrangements. In order to avoid these conflicts, our firm acts in a manner that we consider fair and reasonable in allocating investment opportunities among clients. Our firm's investment in client funds also aids in aligning our interests with the interests of our clients.

## **Item 7 Types of Clients**

Our clients are mainly pooled investment vehicles (funds) and separately managed accounts. Our clients that are funds rely on certain exclusions from the definition of "investment company" in the Investment Company Act. Accordingly, none of our funds are registered as investment companies with the SEC.

Our firm determines in its sole discretion any requirements for entering into an investment advisory contract or otherwise opening or maintaining an account. Each of our clients, in turn, may impose their own requirements, including minimum investment size and satisfaction of other relevant criteria, including requiring that each such investor in such client is both an "accredited investor" (as defined in Regulation D under the Securities Act of 1933) and a "qualified purchaser" (as defined in the Investment Company Act).

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

Below is a general summary of our investment strategies, methods of analysis and material risks. More information on each of the above can be found in the relevant client's offering documents.

### **Methods of Analysis and Investment Strategies**

As a multi-strategy platform, we seek to build investment vehicles that leverage our specific areas of expertise and track records. We are focused on investing in areas where there is the opportunity for enduring alpha generation, and on working with groups and individuals that have demonstrated their ability over different business cycles.

For each strategy, Polygon seeks to ensure compatibility of the underlying assets and strategy terms (including, liquidity and capacity) and alignment of our investors' interests with our own.

Examples of certain of our funds and their strategies are set out below:

### ***European event driven strategy***

The investment objective of the Polygon European Equity Opportunity Fund (and its affiliated funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective by pursuing an investment strategy of (i) investing in equity and other securities issued by certain targeted small and mid-cap European companies with potentially significant valuation re-rating upside and (ii) opportunistically investing in attractive short-duration, liquid recapitalization or other newly issued securities and merger arbitrage positions. As equity and credit markets normalize and other opportunities arise in European equities, the fund may broaden its strategy to pursue a wide range of European event-driven and merger arbitrage opportunities, including through investments in large-cap equity opportunities.

The fund intends to invest predominantly in European listed equity securities, but may also invest in other asset classes and in other non-European jurisdictions.

### ***Convertible securities strategy***

The investment objective of the Polygon Convertible Opportunity Fund (and its affiliated funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective primarily from investments (directly or indirectly) in, or relating to, convertible securities. Investments may be made pursuant to various investment strategies and on the basis of fundamental, quantitative, technical and other security, event or company specific research. Strategies may be established, for example, to capitalize on opportunities in credit, equity, or volatility either on a security specific or relative value basis or within a firm's capital structure.

### ***Global equities capital markets strategy***

The investment objective of the Polygon Global Equities Fund (and its affiliated funds) is to seek superior risk adjusted returns. It seeks to achieve its investment objective by investing in IPO and other special situations in the United States and other jurisdictions around the world, excluding Europe. The fund may to invest in a broad range of special situations, including but not limited to equity re-capitalizations, initial public offerings and other capital markets driven situations outside of Europe.

### ***Recovery Fund strategy***

The Polygon Recovery Fund L.P. was established to provide investors exposure to an identified portfolio of securities (the "Portfolio Securities"). The Portfolio Securities comprise investments in the United States, Europe and Asia Pacific across multiple industries, including, among others telecommunications, retail, financial, media, insurance, and natural resources. The Polygon Recovery Fund L.P. will seek to dispose of its Portfolio Securities in an orderly manner intended to maximize value for all partners within the term of the partnership. The Polygon Recovery Fund L.P. is not currently offering securities for subscription.

## **General Risks**

The risks and uncertainties discussed below are those that we believe are material, but are not the only ones that may be applicable to particular clients. Additional information may be found in the offering documents for the relevant client.

### *Overview*

Polygon invests in and actively trades securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and OTC derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. Fund clients may utilize leverage which can, in certain circumstances, substantially increase the adverse impact to which a client's investment will be subject.

### *General Economic and Market Conditions*

The success of our clients' activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and liquidity of investments. Unexpected volatility or illiquidity could impair result in losses.

The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a client's 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. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options.

### *Reliance on our Principals and Investment Professionals*

Our clients rely exclusively on our principals and investment professionals for the management of their investment portfolios. Our clients are highly dependent on the financial and managerial experience of our principals and any investment professionals employed by us. If such persons ceased for any reason to participate in the management of any of our client funds or accounts, the consequence could be material and adverse. In addition, our clients are not direct beneficiaries of any employment arrangements between such persons and Polygon, and such arrangements are in any event subject to change without notice to, or the consent of, our clients.

### *Portfolio Valuation*

Valuations of our clients' portfolios may involve uncertainties and judgmental determinations. Third-party pricing information may at times not be available regarding certain of our clients' securities, derivatives and other assets. A disruption in the secondary markets for our clients' investments may limit the ability to obtain accurate market quotations for purposes of valuing their investments and calculating the net asset value of a client's investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by clients from time to time, the liquidation values of a client's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods set out in the relevant client's offering documents or governing agreements.



### *Regulatory Risks of Hedge Funds*

The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of our hedge fund clients to obtain the leverage they might otherwise obtain or to pursue their investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by our clients. The effect of any future regulatory or tax change on our clients is impossible to predict.

### **Investment Strategy Risks**

#### *Equity Securities*

The value of equity securities may fluctuate in response to specific situations for each company, industry, market conditions, and general economic environments. Clients may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of U.S. and non-U.S. issuers. Clients may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities for smaller companies may involve more risk and their prices may be subject to more volatility.

#### *Fixed Income Securities*

In addition to convertible securities, clients may also invest in bonds or other fixed income securities, including bonds, notes and debentures issued by corporations, government issued or guaranteed debt securities, commercial paper and “higher-yielding” (including non-investment grade) and, therefore, higher risk debt securities. Such clients are therefore, as in the case of convertible securities, subject to credit, liquidity and interest rate risks. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. We may attempt to minimize the exposure of client portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that we will be successful in fully mitigating the impact of interest rate changes.

#### *Event-Driven Trading Strategies*

Event-driven trading strategies generally seek to earn absolute returns from the purchase and/or sale of financial instruments based on anticipated outcomes of certain events. These events may be “micro” events such as company specific or transaction specific situations. Alternatively, these events may be “macro” events such as changes in U.S. and non-U.S. government policies and economies with respect to particular business sectors or commodities, U.S. and non-U.S. political and economic events and changing trade prospects. In addition to the fundamental analysis regarding these events, a range of statistical and technical analysis may also be implemented to help determine the particular fundamentals that are relevant for price valuation.

#### *Convertible Securities*

The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common

stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client is called for redemption, the client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the ability of a client to achieve its investment objective.

#### *Investments in Undervalued and Overvalued Securities*

Polygon may invest in both undervalued and overvalued securities. The identification of investment opportunities in such securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in such securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a fund's investments may not adequately compensate for the business and financial risks assumed. In addition, a client may be required to hold such positions for a substantial period of time before realizing their anticipated value. During this period, a portion of a client's capital would be committed to the securities purchased or sold, thus possibly preventing the client from investing in other opportunities. In addition, a client may finance such purchases and sales with borrowed funds (and securities in the case of a short sale) and thus will pay interest on such funds (and fees for borrowed securities) during such waiting period.

#### *Investments in Distressed, Bankrupt or Special Situation Companies*

Clients may invest in securities of issuers that are in a weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial and business risks that can result in substantial or total losses. It frequently may be difficult to obtain information as to the financial conditions of troubled issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and there may be wide spreads between the bid and asked prices of such securities. The ability of such companies to pay their debts on schedule and the market values of their debt securities could be affected substantially by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is particularly high. Such types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the firm on behalf of its clients. To the extent that the firm becomes involved in such proceedings, the relevant client may have a more active participation in the affairs of the issuer than that assumed generally by an investor. Our clients, however, do not generally make investments for the purpose of exercising day-to-day management of any issuer's affairs.

Our clients may also make speculative purchases of "special situation" securities. Such purchases may include securities that the firm believes to be undervalued, or may involve situations where a significant position in the securities of a particular company has been acquired by other persons or where companies in the same or a related industry have recently been the target of acquisition attempts. If our clients purchase securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur during the timeframe anticipated by the firm, the clients may sell the securities at a material loss. A substantial period of time may elapse between the client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the client's assets would be committed to the securities purchased, and the client may have financed such purchases with

borrowed funds on which it would have to pay interest. In liquidations and other forms of corporate reorganizations, there is a risk that the reorganization will be unsuccessful, will be delayed or will result in a distribution of cash or a new security with a value less than the client's purchase price of the underlying security.

The firm attempts to assess all of the foregoing risk factors, and others, in determining the nature and extent of the investment a client will make in specific "special situation" securities. However, many risks, such as the outcome of governmental approvals or the outcome of pending or threatened litigation, cannot be quantified.

### *Illiquid Securities*

Market prices, if any, for illiquid securities tend to be volatile and it may be difficult to sell such security when desired, or to realize what is the perceived fair value. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

### *Initial Public Offerings*

Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer, limited operating history and substantial price volatility. The limited number of shares available for trading in some initial public offerings may make it more difficult for a client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies that are the subject of initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them.

### *Special Investment Instruments and Techniques*

Clients may utilize a variety of special investment instruments and techniques to hedge against various risks (such as changes in interest rates or other factors that affect security values) or for non-hedging purposes. These strategies may be executed through derivative transactions and may involve options, including puts and calls, and options on stock indices, forward contracts, futures, swaps and other types of derivatives transactions and investments. The instruments used and the manner in which such instruments are used may change over time as new instruments and techniques are developed or regulatory changes occur. Derivatives and special investment instruments and techniques are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions.

### *Short Selling*

Certain clients may engage in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. 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 of buying securities to cover the short position. In addition, a number of countries and regulators have adopted reporting regimes, bans on naked short selling and, in some cases, bans on short selling (typically only for banks or other financial services companies). It may not be possible for our clients to be able to sell short securities for either hedging or speculative purposes in some jurisdictions.

### *Counterparty Credit Risk*

Many of the markets in which our clients effect their transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent a client invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. Transactions entered into directly between two counterparties generally do not benefit from protections afforded with respect to exchange transactions. This exposes a client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client to suffer a loss.

Our clients will typically establish relationships to obtain financing, derivative intermediation and prime brokerage services; however, there can be no assurance that a client will be able to maintain or establish such relationships. An inability to establish or maintain such relationships would limit a client's trading activities, financing, derivative intermediation and prime brokerage services and prevent a client from trading at optimal rates and terms; any or all of which could cause substantial losses that a client would bear. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the client's business.

### *Leverage; Interest Rates; Margin*

Our clients may directly or indirectly borrow funds from brokerage firms and banks and may also incur "leverage" through the use of certain derivatives or special investment techniques. Any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. To the extent a client is subject to a "margin call" and must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, it may not be possible to liquidate assets quickly enough to pay off the margin debt, which could cause substantial losses. Our fund clients do not generally have restrictions on the amount of leverage that can be incurred and, therefore, the risk of highly leveraged investment can magnify the risks associated with investing in such clients.

### *Recovery Fund Portfolio Concentration*

Polygon Recovery Fund L.P. investors have exposure to the limited investment portfolio comprised of the Portfolio Securities and certain new investments made for purposes of managing or disposing of the Portfolio Securities. Although the Portfolio Securities are comprised of investments in diverse industries, poor performance by one or more of the Portfolio Securities could severely adversely affect the fund's total returns and profitability

## **Item 9            Disciplinary Information**

There are no legal or disciplinary events that are material to a clients or prospective client's evaluation of Polygon's management.

## **Item 10           Other Financial Industry Activities and Affiliations**

Our related persons include the following investment advisers:

- Tetragon Financial Management LP
- Polygon CB L.P.

- Polygon Equities L.P.
- Polygon Global Partners LLP
- Polygon Global Partners LP
- Polygon Private Investment Partners LP
- Polygon Recovery Manager LP
- Polygon Global Equities LP

Certain inherent conflicts of interest arise from the fact our firm and related persons described above provide investment management services to, carry on investment activities for, and maintain voting control over, other clients, including, without limitation, other investment funds, separately managed accounts and co-investment opportunities (for clients which may or may not be current investors in other clients) and proprietary accounts in which our clients may or may not have an interest and whose respective investment programs may or may not be the same or substantially similar to our clients' investment program. We address any conflicts of interest in accordance with applicable law and pursuant to applicable agreements with our clients.

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

### Code of Ethics

The firm has adopted a Code of Ethics (the “Code”) as required under Rule 204A-1 of the Advisers Act that sets forth standards of ethical conduct and ensures that the Firm fulfills its role as a fiduciary to the clients. The Code covers the following topics, among others: (i) guidelines and standards for business conduct, (ii) personal trading procedures, including pre-clearance and reporting obligations, (iii) limitations on, and reporting of, gifts and entertainment, and (iv) pre-clearance of political contributions. On an annual basis, the firm requires all employees to certify that they are in compliance with the Code.

A copy of the firm’s Code will be provided to any existing or prospective clients upon request.

Our Code is available upon request. To request a copy, please email our Chief Compliance Officer, Jim Feeney, at [compliance@polygoninv.com](mailto:compliance@polygoninv.com).

## **Item 12 Brokerage Practices**

In addition to the continuous supervision of assigned portfolios and accounts by relevant persons, we have also established a Trade Management Supervisory Committee (“TMSC”) to provide additional supervision and monitoring of the firm’s trading activities. The TMSC meets approximately quarterly and is comprised of representatives from the following teams: investments, operations, legal, compliance and finance.

The TMSC has the following responsibilities:

- establish and maintain Polygon’s Approved Trader List;
- approve broker-dealers through which discretionary client accounts may be executed and authorizing the removal of brokers from the Approved Broker list;
- evaluate the performance of broker-dealers including commission rates, execution services, reliability and coverage;
- review brokerage allocation;

- review and approving soft dollar arrangements;
- review trade errors and determining whether any remedial actions are required;
- review allocation of investment opportunities and aggregation of client trades;
- review securities regulations, or changes and amendments thereto, related to trading;
- review trade errors, trade breaks and failed trades; and
- ensure adequate internal controls are maintained over the firm's trades and trading activities.

### *Soft Dollars*

We or our related persons may receive from a client's broker-dealers products and services in addition to brokerage services. "Soft dollars" generally will be used within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934. Services that we may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information, and the arrangement of meetings with the management of issuers. We benefit from these arrangements because we do not have to produce or pay for the research, products or services received. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving soft dollar benefits rather than on clients' interest in receiving most favorable execution. The services received from broker-dealers and paid for by a client may be used by our related persons, including in servicing other clients, and certain of such services may not be used to benefit the client. We follow procedures that we believe are reasonably designed to ensure that we use soft dollars in a manner that is consistent with seeking best execution, and that we identify which services are within or outside the safe harbor.

### **Item 13      Review of Accounts**

Generally, client accounts are reviewed on a regular basis by Messrs. Griffith, Dear and Humphries, other investment professionals, the Chief Financial Officer and the Chief Compliance Officer. These reviews are designed to, among other things, monitor and analyze transactions, positions, investment levels and portfolio risk. Our investment professionals meet regularly to review, among other things, global market conditions, potential risks in the capital markets as well country, sector, industry or company level risk factors.

Investors in fund clients are furnished with annual financial statements examined by independent auditors. We also generally furnish with monthly reports describing the fund's performance and monthly attribution information.

### **Item 14      Client Referrals and Other Compensation**

Polygon does not receive economic benefits for providing investment or other advisory services from any person or entity that is not a client.

In respect of certain fund clients, we have on occasion engaged placement agents (arrangers) in connection with the offering of securities.

Any such arrangements are disclosed to the investor in the applicable offering documents or otherwise.

Third-party solicitors in the U.S. will be registered as broker-dealers with the SEC, and third-party solicitors outside of the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

## **Item 15           Custody**

Due to our access to certain of our client's funds and authority to deduct fees and other expenses from a client's account, we are deemed under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), to have custody of such client's funds.

We utilize the services of a bank or other qualified custodian (as defined under Rule 206(4)-2) to hold all assets of any of our clients. We also ensure that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities, under our name as agent or trustee for the clients.

Our firm also maintains custody of uncertificated securities acquired directly from the issuers in private placements and deposits other funds and securities with its qualified custodian. We give our clients notice in writing of the name and address of the qualified custodian(s) used and the manner in which the assets are maintained, promptly upon the opening of the account and after any change in the information.

While Rule 206(4)-2 generally requires an investment adviser to ensure that a qualified custodian sends account statements to clients at least quarterly, we are generally not subject to this requirement because most fund clients managed by us are subject to audit at least annually by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. In these cases, we distribute audited financial statements to investors within 180 days of the end of the fiscal year of the fund.

## **Item 16           Investment Discretion**

Our firm accepts discretionary authority to manage our client portfolios, subject to certain limitations as described in the applicable offering documents. Despite this broad authority, we are committed to adhering to the investment strategy, investment guidelines and other limitations of each investment program set forth in each of our offering documents. These documents cover matters such as the types and amounts of assets of which a client's portfolio will consist, portfolio allocation limitations and the degree of risk assumed by a client's portfolio. Before accepting the discretionary authority inherent in managing our clients, we carefully review the investment strategies and limitations of our investment programs set out in the relevant offering documents.

## **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. Because we may be deemed to have authority to vote proxies relating to the companies in which we may invest on behalf of our clients, we have adopted a set of policies and procedures in compliance with such rule. To the extent that we exercise or are deemed to be exercising voting authority over our clients' securities, our policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, "proxies") is exercised in a manner that seeks to serve the best interest of our clients.

From time to time, conflicts may arise between the interests of a client, on the one hand, our interest (or of our affiliates), on the other hand. If we determine that we have, or may be perceived to have, a conflict of interest when voting a proxy, we will seek to address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. We, in our sole discretion, may elect not to vote a proxy if unduly burdensome.

Our policy is available to investors upon request. To request a copy, please email our Chief Compliance Officer, Jim Feeney, at [compliance@polygoninv.com](mailto:compliance@polygoninv.com).

#### **Item 18            Financial Information**

Our firm has never been the subject of a bankruptcy petition and we do not believe any financial condition exists that is reasonably likely to impair our ability to meet contractual commitments to our clients.