



Rizvi Traverse Management LLC

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This brochure provides information about the qualifications and business practices of Rizvi Traverse Management LLC and its relying advisers as described herein (“Rizvi Traverse” or the “Company”). If you have any questions about the contents of this brochure, please contact us at klb@rizvitraverse.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration as an adviser does not imply any level of skill or training.

Additional information about Rizvi Traverse also is available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This is the brochure compiled by Rizvi Traverse to provide new and prospective clients and investors with disclosure of the Company's business practices and conflicts of interest. We encourage all recipients to read this brochure carefully in its entirety.

In particular, this section will only identify the material changes to our business since the last update to this brochure to make clients and investors aware of information that has changed and that may be important to them.

The material changes since the last update to this brochure include the following:

- Rizvi Traverse has provided a current update and status of the disciplinary event listed in the *Disciplinary Information* section of this brochure below.
- The *Client Referrals and Other Compensation* section has been updated to reflect that Rizvi Traverse has entered into agreements with SEC-registered broker-dealers for services which include introducing accredited institutional and/or high net worth individual investors to Rizvi Traverse.

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ADVISORY BUSINESS

Rizvi Traverse is a limited liability company formed in Delaware in September 2004. The Company is equally owned by Rizvi Interest, Inc. and Traverse Capital LLC, which in turn are wholly-owned by Messrs. Suhail Rizvi and John Giampetroni, respectively. The following Delaware limited liability companies are controlled by or under common control with Rizvi Traverse Management LLC and provide advisory services to certain Funds and SPVs (as defined below) as relying advisers of Rizvi Traverse Management LLC: Rizvi Traverse Management II LLC, Rizvi Traverse Management III, LLC, Rizvi Traverse GP II, LLC, Rizvi Traverse GP III, LLC, RTLC Management, LLC, RTLC Management VI, LLC, Rizvi Traverse CI GP, LLC, RTM-ICON, LLC and MLRT Film Holdings LLC (the “Relying Advisers”).

The terms “Rizvi Traverse” and the “Company” are used in this brochure to refer to Rizvi Traverse Management LLC and its Relying Advisors.

Rizvi Traverse provides discretionary and non-discretionary investment advisory services to private equity funds (the “Funds”) and various special purpose vehicles (“SPVs” and, collectively with the Funds, “Clients”), with a focus on value-oriented control investments in opportunistic situations. The Company provides advice to Clients based on the investment objectives and strategies outlined in each Client’s partnership or operating agreement. Investment advice is not provided to the individual limited partners or investors (“Investors”) in the Funds and SPVs. Investors should carefully review relevant operating and partnership agreements (“Operating Agreements”) before making an investment, as the terms set forth therein will govern the Fund or SPV.

As of December 31, 2014, Rizvi Traverse managed \$487,398,000 million in assets on a discretionary basis and \$487,073,000 million on a non-discretionary basis.

FEES AND COMPENSATION

The fees paid by each Client vary, but may include management fees and reimbursement of expenses incurred by the Company. In addition, Rizvi Traverse may have a carried interest in the net profits of a Fund or an SPV, which the Company is entitled to receive after repayment of funded Investor commitments and a preferred return, if any. The fees charged by Rizvi Traverse are set forth in each Client’s Operating Agreements.

Management Fees

For Clients that pay a management fee, such fee is generally charged quarterly in advance and is payable on a pro rata basis for any period that is less than a quarter. In the event of a Client termination, Rizvi Traverse will refund any management fees for which services have not been rendered. Management fees are generally not negotiable, although Rizvi Traverse may waive or reduce the management fee for certain Investors at its discretion, including for Investors who are members, employees, or affiliates of the Company. In addition, management fees may be reduced by fees earned by Rizvi Traverse from underlying portfolio companies, as described in more detail in the *Other Compensation* section below.

Carried Interest

Rizvi Traverse or an affiliate may be entitled to receive carried interest from certain Clients after return of funded Investor commitments and satisfaction of a “preferred return,” if any. Such carried interest is subject to the terms described in each Client’s Operating Agreements.

Other Compensation

Rizvi Traverse may receive fees in connection with services provided to portfolio companies. For example, Rizvi Traverse may receive fees in exchange for providing portfolio companies with management, consulting, and other services and may also receive fees in connection with specific transactions. In addition, officers and employees of Rizvi Traverse currently do not but may in the future receive directors’ fees for serving on the boards of portfolio companies. A portion of these consulting, directors’ and other fees can be used to offset management fees charged to Clients (if so provided in a Client’s Operating Agreement).

Additional Expenses

Clients typically bear certain out-of-pocket expenses incurred by Rizvi Traverse or its affiliates in connection with services provided to Clients. The payment of such expenses by Clients does not represent a source of profit for Rizvi Traverse or its affiliates; rather it is a reimbursement of expenses paid on behalf of Clients. Such expenses include, but are not limited to: (1) auditing, consulting, financing, accounting, and custodian fees and expenses; (2) expenses associated with the preparation of financial statements, tax returns, and K-1s; (3) out-of-pocket expenses incurred in connection with transactions not consummated; (4) insurance; (5) other expenses associated with the acquisition, holding, and disposition of its investments, including extraordinary expenses (such as litigation, if any); and (6) any taxes, fees, or other governmental charges.

A complete description of fees and compensation charged is outlined in each Client’s Operating Agreements. Investors should review the applicable Operating Agreements in order to fully understand the total amount of fees and compensation to be paid by the Funds and SPVs.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As detailed in the *Fees and Compensation* section above, Rizvi Traverse charges fees to certain Clients that are based on the realized gains of such Clients’ investments. Such performance-based fees may be payable to Rizvi Traverse or one of its affiliates.

The fact that Rizvi Traverse is compensated based on the success of investments held by Clients may create an incentive for Rizvi Traverse to make investments that are riskier or more speculative than would be the case in the absence of such compensation. All performance fees charged by Rizvi Traverse will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”).

Performance fee arrangements may also create an incentive for Rizvi Traverse to favor higher fee paying Clients over others in the allocation of investment opportunities. However, Rizvi Traverse has policies and procedures in place to ensure that all Clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among Client accounts. When Rizvi Traverse

determines that it would be appropriate for one or more Client to participate in an investment opportunity, Rizvi Traverse will seek to allocate interests to all participating accounts on a fair and equitable basis.

TYPES OF CLIENTS

Clients of Rizvi Traverse include privately-placed pooled and special purpose investment vehicles. The Funds rely on rules under the United States federal securities laws that exempt privately offered partnerships from registering as investment companies. SPVs are typically limited liability companies structured for specific underlying Investors, which include large institutions, pension plans, and high net worth individuals.

The minimum investment in a Fund managed by the Company is generally \$10 million. This minimum may be waived or modified in the sole discretion of Rizvi Traverse.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Investment Strategies and Methods of Analysis

Rizvi Traverse follows a disciplined, value-oriented investment process by targeting turnarounds, restructurings, bankruptcies, and other opportunistic or special situations that give rise to bargain investment opportunities. Each Fund typically invests in five to ten underlying portfolio companies, while each SPV is generally created for one specific investment.

With respect to the Funds, Rizvi Traverse considers a variety of factors when seeking to identify potential investment opportunities, including businesses with:

1. Excessive leverage, inadequate management teams, and owner neglect;
2. Downside asset protection with a reasonable likelihood of recovering most or all of Clients' invested capital;
3. Multiple exit opportunities; and
4. Positive cash flow.

To achieve its investment objectives, Rizvi Traverse may effect complex transactions involving multiple owners, intangible assets, minority interests, business interruptions, and off-balance sheet and other liabilities. Rizvi Traverse may also partner with management teams seeking to buy control from the current owners of a company. Where applicable, Rizvi Traverse provides active, hands-on monitoring of and assistance to the management of portfolio companies to help execute Clients' investment strategies and to eliminate impediments to earnings.

The SPVs are typically established to coinvest in investments with the Funds or to take advantage of unique investment opportunities that may or may not also be available for investment by the Funds, depending on each Fund's available cash and investment strategy.

Risks of Loss

Investing in securities involves the risk of loss that Investors should be prepared to bear. It is not anticipated that there will be an active secondary market for interests in any Fund or SPV and it is not expected that such a market will develop. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Prior to such time, there often will be no current return on investments. It is uncertain as to when profits, if any, will be realized. Further, no guarantee or representation is made that a Client's investment objectives will be achieved and performance could be negatively impacted by a number of risks, including, but not limited to:

1. Investments in Privately-Owned Businesses

A significant portion of investments consist of securities issued by or investments directly in privately-held companies. Such investments involve a high degree of business and financial risk, which can result in substantial losses. There is generally no publicly-available information about the status and prospects of privately-held portfolio companies and Investors must rely on the diligence of Rizvi Traverse to obtain information in connection with investment decisions. Rizvi Traverse may be required to make investment decisions without complete information or in reliance upon information provided by third parties that may be difficult or impossible to verify.

2. Valuation of Investment Positions

There will likely be no readily available market for the investments made on behalf of Clients and, therefore, such investments will be difficult to value.

3. Concentration of Investments

Certain Clients participate in a limited number of investments and may seek to make investments in only one company or industry segment. As a result, a Client's investment portfolio could become highly concentrated and its aggregate return may be affected substantially by the performance of only one or a few holdings.

4. Investments in Financially Distressed Companies

A portion of a Client's investment portfolio may consist of financially distressed companies or companies emerging from bankruptcy, restructuring, or turnaround situations. Such companies will most likely be underperforming and will involve a high degree of business and financial risk, which can result in substantial losses.

5. Investment in Junior Securities

Certain securities in which Clients invest may be among the most junior in a portfolio company's capital structure and, therefore, subject to the greatest risk of loss. Generally, there will be no collateral to protect investments made by Clients.

For a complete description of the risk factors applicable to a specific Fund or SPV, please refer to the applicable Client's Operating Agreements.

DISCIPLINARY INFORMATION

Except as set forth below, Rizvi Traverse and its management personnel have not been involved in any legal or disciplinary events that would be material to a Client or Investor's evaluation of Rizvi Traverse or its management personnel.

In August 2011, Small Ventures USA, L.P. ("Small Ventures"), an investor in one of the SPV's, filed a lawsuit against Rizvi Traverse, the Rizvi Traverse-affiliated manager of the SPV, certain Rizvi Traverse principals, and others, alleging that Small Ventures' investment in the SPV was predicated on defendants' misrepresentations and omissions. The complaint alleges, among other claims, fraud, breach of fiduciary duty, and violation of the Texas securities laws. In October 2012, the court dismissed Small Ventures' breach of fiduciary claim. In July 2013, defendants filed counterclaims against Small Ventures and its principals for breach of contract, tortious interference, and violation of certain privacy laws. In September 2013, the court dismissed Small Ventures' negligence and gross negligence claims and permitted Small Ventures to amend its complaint to add new claims for violation of the federal securities laws. In July 2014, the court dismissed Small Ventures' federal securities law claims with prejudice. In November 2014, defendants moved for summary judgment on Small Ventures' remaining claims and Small Ventures moved for summary judgment on defendants' counterclaims. Those motions currently are pending. Rizvi Traverse believes that Small Ventures' remaining claims are also meritless and defendants are defending the lawsuit vigorously.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Funds and SPVs are typically managed by Rizvi Traverse Management LLC or a Relying Adviser. The Relying Advisers are not separately registered as investment advisers with the SEC; however, all of their investment advisory activities are subject to Rizvi Traverse's supervision and control.

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

Code of Ethics

Rizvi Traverse has adopted a Code of Ethics, which is predicated on the principal that Rizvi Traverse owes a fiduciary duty to its Clients. Accordingly, employees of Rizvi Traverse must disclose or avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interest of Clients. Rizvi Traverse endeavors to maintain current and accurate records of all personal securities accounts of its employees in an effort to monitor all such activity.

A copy of the Company's Code of Ethics is available to any Investor or prospective Investor upon request by using the contact information located on the cover page of this document.

Personal Trading

Personal transactions in securities by principals and employees of Rizvi Traverse are subject to the restrictions set forth in Rizvi Traverse's Code of Ethics. The personal account trading rules contained in the Code of Ethics, among other things, restrict employees from buying and selling securities that are on the Company's restricted list. From time to time, Rizvi Traverse or its employees may come into possession of material, non-public or other confidential information about companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Employees are prohibited from improperly disclosing or using this information for their personal benefit or for the benefit of any person, regardless of whether the person is a Client of Rizvi Traverse.

Participation or Interest in Client Transactions

Employees currently do and may in the future receive directors' fees for serving on the board of directors of a portfolio company, which may be retained in whole or in part by Rizvi Traverse. In addition, portfolio companies may, from time to time, make discounts and other benefits available to employees in connection with products or services offered by such companies.

Employees and other persons associated with Rizvi Traverse may be permitted to invest in Funds established as co-investment vehicles to facilitate participation by such persons in portfolio investments made by the Funds. Rizvi Traverse and/or its affiliates, in their proprietary capacity, may also invest in the Funds.

BROKERAGE PRACTICES

Although the Company's investment strategy does not involve investing in public securities, Rizvi Traverse has developed and implemented policies and procedures to address the limited instances where the Company must use a broker-dealer to effect a transaction on behalf of a Client account.

Rizvi Traverse will select broker-dealers, investment banks, or financial intermediaries that it believes provide Clients with favorable execution capabilities and qualities. Certain entities may be utilized or recommended due to their presence in certain markets and ability to effect certain specialized types of transactions. Research or additional ancillary services not associated with a transaction provided by a service provider is not a determining factor for engaging the service provider.

In order to minimize execution costs and obtain best execution for Client transactions in the event of a transaction in marketable securities, Rizvi Traverse will generally aggregate orders for Clients accounts.

Rizvi Traverse does not have any formal soft dollar arrangements or other arrangements that would commit Clients to any specific or implied level of trading.

REVIEW OF ACCOUNTS

Investments made on behalf of Clients are generally long-term in nature. Rizvi Traverse closely monitors the entities in which Clients invest and, where appropriate, seeks representation on the

portfolio company's board of directors. Client holdings are reviewed by Rizvi Traverse's investment personnel, including the CIO and COO, during periodic investment meetings. Rizvi Traverse provides reports to Investors in accordance with each Client's Operating Agreement.

CLIENT REFERRALS AND OTHER COMPENSATION

Rizvi Traverse has entered into agreements with select SEC-registered broker-dealers for services which include introducing accredited institutional and/or high net worth individual investors to Rizvi Traverse for the Funds or SPVs.

CUSTODY

All Client assets are held in custody by unaffiliated broker-dealers or banks. However, in certain circumstances, Rizvi Traverse may be deemed to have custody of Client assets because it or an affiliate serves as the general partner or managing member of the Client. In such instances, the Client is subject to an annual audit and audited financial statements are distributed to each Investor. Audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Client's fiscal year end.

INVESTMENT DISCRETION

Pursuant to each Client's Operating Agreement, Rizvi Traverse has discretionary authority to determine the underlying companies to be bought or sold for most Clients' accounts. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of the Client.

VOTING CLIENT SECURITIES

Registered investment advisers that exercise voting authority over client securities are required to implement proxy voting policies. Although investments held by the Funds and SPVs generally do not issue proxies in the traditional sense, portfolio companies may occasionally solicit shareholder votes, elections, approvals, and/or consents (collectively, "proxies"). In the event of a proxy, it is Rizvi Traverse's policy to vote in a manner that it believes will increase shareholder value the most or decrease shareholder value the least. Rizvi Traverse may abstain from voting if it deems that abstinence is in its Clients' best interests.

Investors generally cannot direct the vote by Rizvi Traverse on behalf of a Fund or SPV. However, in the event of a conflict of interest between the Company and one or more Clients with respect to a proxy, Rizvi Traverse may refer the matter to the appropriate Advisory Committee (as defined by the relevant Operating Agreement) to determine the best way to resolve the conflict.

Current Investors may request a copy of Rizvi Traverse's full proxy voting policies and procedures and record. Please contact Rizvi Traverse [at](mailto:klb@rizvitraverse.com) klb@rizvitraverse.com.

FINANCIAL INFORMATION

Rizvi Traverse has not filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.