

**Item 1. Cover Page**

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**Part 2A of Form ADV: Firm Brochure**  
**March 30, 2018**

**This brochure provides information about the qualifications and business practices of Quadrangle Group LLC (“Quadrangle”). Please contact Quadrangle’s Chief Compliance Officer (“CCO”) if you have any questions about the contents of this brochure. 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 investment adviser with the SEC does not imply a certain level of skill or training. Additional information about Quadrangle is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2. Material Changes**

This Brochure is an update to the Form ADV Part 2A that Quadrangle filed on March 31, 2017. There have been no material changes to the content of this Brochure since Quadrangle last submitted the Form ADV Part 2A in March 2017.

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

Quadrangle was formed in the state of Delaware on February 28, 2000. Quadrangle is controlled and principally owned by its managing member, Quadrangle Holdings LLC, which in turn is principally owned by Michael Huber and Joshua Steiner. Quadrangle and its affiliated relying advisers provide investment management services to pooled investment vehicles, typically limited partnerships (referred to in this Brochure as the “Quadrangle Funds” or the “Funds”), that invest primarily in middle market companies with a focus on media, communications and information-based businesses. The Quadrangle Funds are closed to new capital commitments.

Quadrangle’s only clients are the Quadrangle Funds, each of which is not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”).

A related person of Quadrangle serves as a general partner of each Quadrangle Fund (each, a “Fund GP”) and each Quadrangle Fund is managed by an affiliated relying adviser of Quadrangle (each, a “Fund Manager”). Each Quadrangle Fund is governed by a limited partnership agreement (each, a “Fund Agreement”) that specifies the investment guidelines and investment restrictions applicable to such Fund. In addition, the private placement memoranda or other offering materials prepared for the investors of each Quadrangle Fund also contains information regarding the intended investment program for such Fund. Quadrangle together with the Fund Managers provide investment management services to the Quadrangle Funds in accordance with their respective investment mandates as described in the applicable Fund Agreements and, generally, the Quadrangle Funds’ private placement memoranda or other offering materials.

Quadrangle and/or the related Fund Managers offers advice solely with respect to the investments made by the Quadrangle Funds, which generally consist of private companies, by identifying investment opportunities and participating in the acquisition, management, monitoring and disposition of investments for each Quadrangle Fund.

The Quadrangle Funds invest primarily in private equity middle market companies that focus on media, communications and information-based businesses. These investments employ a variety of investment structures, including traditional acquisitions, management buyouts, spinouts, recapitalizations and minority equity investments. These investments generally take the form of privately-negotiated investment instruments, including unregistered equity of both U.S. and non-U.S. issuers.

Quadrangle controls each Fund Manager and each Fund Manager generally provides services to each Quadrangle Fund pursuant to a separate investment management agreement (each, an “Investment Management Agreement”), which sets forth the terms of the services to be provided by the applicable Fund Manager. Quadrangle and the Fund Managers tailor their advisory services to each Quadrangle Fund as described in the investment mandate of the relevant Quadrangle Fund’s Fund Agreement and, generally, such Quadrangle Fund’s private placement memorandum or other offering materials.

Quadrangle looks to partner with management teams in companies where their experience, relationships and capital can help create long-term value.

Each Fund Manager has discretionary authority with respect to investment decisions for the Quadrangle Funds.

As of December 31, 2017, Quadrangle manages a total of approximately \$177 million of client assets, all of which is managed on a discretionary basis.

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

The Fund Managers typically charge management fees to the Quadrangle Funds for their advisory services and the Fund GPs receive performance-based profit allocation from the Funds as described in Item 6 of this Brochure. The amount and terms of payment of the management fees charged are described in the relevant Quadrangle Fund's Fund Agreement, Investment Management Agreement, and private placement memorandum or other offering materials.

The Fund Managers generally receive a management fee based upon capital commitment or contributions, which is payable quarterly in advance. Management fees during the investment period of a Fund are generally based on the total capital committed to the Fund by investors and after the investment period of the Fund on a percentage of invested capital subject to certain adjustments. The investment periods of all Quadrangle Funds have expired and management fees are generally 1.25% of invested capital. Quadrangle and/or the Fund Manager may also waive, offset, suspend or reduce the management fee by certain fees received by a Fund Manager as detailed in the applicable Fund Agreement and/or Investment Management Agreement.

Each Quadrangle Fund generally pays all expenses related to its own operations, including fees, costs and expenses directly related to the purchase, sale and custody of securities, expenses of counsel, accountants and other consultants and professionals, any insurance, indemnity or litigation expense or the costs and expenses of any lenders, investment banks and other financing sources and any taxes, fees or other governmental charges levied against a Fund, and any costs incurred in connection with transactions which are not consummated.

Each Quadrangle Fund generally pays its organization and startup expenses, including legal, accounting, filing, capital raising and other organization expenses, as well as all fees of any placement agent (which reduce the management fee otherwise payable by the fund by an identical amount but is otherwise treated as an organizational expense).

A percentage of all transaction, directors', consulting, management, investment banking, monitoring, closing, topping, break-up and other similar fees paid to or received by Quadrangle and/or Fund Manager in connection with portfolio investments or its unconsummated transactions may reduce the management fee as detailed in each Fund Agreement and/or Investment Management Agreement.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

As described in Item 5 above, the Quadrangle Funds generally are required to pay a management fee. In addition, the Quadrangle Funds allocate a portion of their investment profits (generally 20%) to their respective Fund GPs, which are related persons with respect to Quadrangle, as set forth in each Fund Agreement (such profit allocation is commonly referred to as a "carried interest"). The foregoing performance-based carried interests are generally subject to the achievement of an 8% annual rate of return on the amount of the unreturned capital contributions of investors with respect to a transaction, as of the date of determination.

The Fund GPs' entitlement to such performance-based carried interests may create an incentive for the Fund GPs and, due to the affiliation with Quadrangle, the Fund Managers and Quadrangle to take greater risks in managing the Quadrangle Funds than they would otherwise take in the absence of such arrangements.

## **Item 7. Types of Clients**

Quadrangle and the Fund Managers currently provide investment advisory services to the Quadrangle Funds. These services are provided directly to the Quadrangle Funds and not individually to the limited partners who invest in the Quadrangle Funds. Fund limited partners include institutional investors, such as public pension plans, funds of funds, corporate pension plans, foundations, family offices, banks and other financial institutions, as well as high net worth individuals. Currently, the Quadrangle Funds are not accepting new investors or limited partners.

Investments in the Quadrangle Funds were generally subject to a minimum investment amount of at least \$10 million, as noted in the offering documents, although Quadrangle reserves the right to accept commitments of a lesser amount.

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

Quadrangle's investment approach is characterized by a highly analytical and comprehensive due diligence investigation. Due diligence is conducted by deal teams led by one or more of the Managing Principals. The deal teams' due diligence process is supplemented by legal, accounting and, when necessary, consulting professionals, to further develop a complete and comprehensive understanding of the subject company and its markets.

Typically, at the outset of the due diligence process, the deal team develops a "work plan" focusing on the key issues that they believe will affect the future of the company, including management depth and capabilities, market development and opportunities, competitive environment, economic models, internal systems and financial forecasts. This process allows the team to develop a comprehensive view of the company and its management.

A proposed transaction is reviewed multiple times before it is presented for approval to Quadrangle's internal investment committee, which consists of Quadrangle's Managing Principals and other appointed members. The deal team typically prepares an investment memorandum that outlines, among other things, the investment thesis, structure, projections and risks and rewards of the particular transaction. Investment memorandums are generally accompanied with back-up financial information and analyses produced during the due diligence process. Upon review of the documentation provided, Quadrangle's internal investment committee will determine whether or not to approve the proposed transaction.

### *Material Risks for Investing in the Funds*

Investments by the Quadrangle Funds in portfolio companies involve a risk of loss that investors should be prepared to bear. The performance of portfolio companies, and therefore the value of the Quadrangle Funds' investments, will be subject to many factors over which the Funds may have limited or no control. There can be no assurances that any of the portfolio companies in which the Quadrangle Funds invest will succeed. Certain material risks, presented by the Funds' investment strategy, are set forth below. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to investors:

### *Financial Market Fluctuations*

In seeking investments in portfolio companies, Quadrangle competes with other investors and investment advisers, some of which may have more relevant experience, greater financial resources or more personnel than Quadrangle. It also is possible that competition for investment opportunities may increase in the future, thus reducing the number of attractive investment opportunities available to the Quadrangle Funds and adversely affecting the terms upon which investments can be made. Accordingly, it may be

difficult for Quadrangle to identify and for the Quadrangle Funds to complete attractive investments in the future, which could slow the pace of investment or reduce the investment returns for the Quadrangle Funds.

### *Illiquidity of Investments*

Quadrangle Funds' investments in portfolio companies are generally illiquid and long-term, and there can be no assurance that the Quadrangle Funds will be able to realize their investments at attractive prices or otherwise implement a successful exit strategy in a timely manner. The illiquidity of securities held by the Quadrangle Funds may result from the absence of an established market for those securities or other legal or contractual restrictions on resale by the Quadrangle Funds. For example, the Quadrangle Funds may hold securities that can only be sold pursuant to a registration statement filed under applicable securities laws or an exemption from registration, or the Quadrangle Funds may have access to non-public information regarding certain portfolio companies, which could limit the Quadrangle Funds' ability to sell securities of those portfolio companies. General market conditions can also negatively impact the Quadrangle Funds' ability to sell portfolio company securities, such as the ability of potential buyers to obtain debt or other financing for the purchase of securities.

### *Controlling Interest*

Quadrangle Funds, either alone or together with other entities, will typically hold controlling interests in many of the portfolio companies in which the Quadrangle Funds invest. The exercise of such control by the Quadrangle Funds may result in additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), or other types of liability in which the limited liability generally applicable to business ownership may be ignored. If any of these liabilities were to arise, the Quadrangle Funds could suffer significant losses. Even when the Quadrangle Funds prevail in any claims for liability they may incur significant costs of defending against those claims.

### *Reliance on Management*

Quadrangle Funds may also hold non-controlling interests in certain portfolio companies and, therefore, may have a limited ability to protect their positions in such portfolio companies. As a condition of making non-controlling investments in portfolio companies, the Quadrangle Funds typically seek to obtain appropriate shareholder rights to protect the Funds' investments, but it may not be possible to obtain such rights in all cases. If the Quadrangle Funds do not have a controlling position or shareholder rights to protect their interests, it is possible that a portfolio company could take actions that negatively impact the value of the Quadrangle Funds' investments or that prevent the Quadrangle Funds from disposing of their investments in the portfolio company.

### *Loans*

Quadrangle Funds may lend to portfolio companies on a short-term, unsecured basis or may otherwise invest in a portfolio company on an interim basis with the expectation of a subsequent refinancing or syndication. To the extent such refinancing or syndication does not occur, any Quadrangle Fund that lent to such portfolio company may have more risk associated with such investment or a larger overall investment in such portfolio company than originally anticipated.

### *Follow-on Investments*

Quadrangle Funds often will have an opportunity to make follow-on investments in a portfolio company in which the Funds invest. There is no assurance that the Quadrangle Funds will have sufficient capital to make all or any of such follow-on investments. Any decision by the Quadrangle Funds not to make follow-on investments or their inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment or may result in a lost opportunity for any Quadrangle Fund to increase its participation in a successful portfolio company. In the event any Quadrangle Fund does not participate in a follow-on investment opportunity and other investors provide the requested financing, the Quadrangle Fund's investment in the portfolio company will likely be substantially diluted.

### *Leverage*

The portfolio companies in which the Quadrangle Funds invest frequently will rely on the use of leverage. Any Fund's ability to achieve an attractive return on investments in a portfolio company that relies on the use of leverage will depend on the ability of the portfolio company to access sufficient sources of indebtedness at attractive rates. A reduction in the general availability of leverage or increase in the interest rates or risk spread demanded by sources of debt financing also could make it more difficult for any Fund to make investments that are dependent on a financial restructuring. Highly leveraged portfolio companies also are inherently more sensitive to declines in revenues, increases in expenses and interest rates, and adverse economic, market and industry developments. As a result, the risk of loss associated with a leveraged portfolio company is generally greater than for a portfolio company with comparatively less debt.

### *Investment Disposition*

In connection with the disposition of investments, the Quadrangle Funds may be required to indemnify the purchasers of those investments against certain liabilities and may be responsible for the content of disclosure documents under applicable securities laws. These arrangements may result in the incurrence of contingent liabilities for which the Quadrangle Funds may establish reserves or escrows. It is also possible that other claims could be made against the Quadrangle Funds in connection with their investments and business operations.

### *Material Risks for Foreign Portfolio Companies*

Investment in foreign portfolio companies may involve certain special risks due to foreign economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, or capital gains, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against foreign entities.

In some of the target countries in which the Quadrangle Funds are expected to make investments, legislation governing commercial relationships, ownership of property and taxation is still evolving. Existing legislation also is subject to amendment and judicial interpretation. The courts in some of these countries continue to be relatively inexperienced and, in several cases, understaffed in commercial areas. While the situation has been improving in some of the target countries, it is not possible to know precisely what the legal environment will be through the course of any Fund's activities in some of the target countries. Financial information for portfolio companies in certain target countries in which the Funds are expected to make investments is often not as reliable as can be expected in other more developed regions.



While there is a trend toward improved reporting of accurate financial results and increased enforcement of statutes concerning financial and tax reporting, and steps will be taken to validate and, if necessary, reconstruct financial information on which investment decisions are made, there can be no assurance that the financial information for portfolio companies can be made as reliable as in other more developed regions.

For a description of specific risks relating to any Quadrangle Fund, please refer to private placement memoranda or other offering materials.

## **Item 9. Disciplinary Information**

In 2007, the New York Attorney General's Office ("NYAG") and the New York Office of the U.S. Securities and Exchange Commission ("NY SEC") began investigating the fundraising activities of certain former employees of Quadrangle and, as a consequence, of Quadrangle itself. In April 2010, Quadrangle reached resolution with both the NYAG and the NY SEC. As part of these settlements, Quadrangle neither admitted nor denied any allegations, adopted the NYAG's Public Pension Fund Reform Code of Conduct and made payments to the NYAG of \$7 million and to the NY SEC of \$5 million. The Quadrangle Funds were not allocated any amounts associated with these settlements, nor were any of Quadrangle's legal fees incurred in connection with these investigations allocated to the Quadrangle Funds.

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

As described in Item 4 above, each of the Fund GPs is a related person or entity of Quadrangle that serves as a general partner on behalf of one or more of the Quadrangle Funds. In addition, the Fund Managers are related persons and relying advisers of Quadrangle and, together with Quadrangle, provide investment management services to the Quadrangle Funds.

The Fund Managers are Quadrangle Advisors LLC and Quadrangle Advisors II LLC and the Fund GPs are Quadrangle GP Investors LLC, Quadrangle GP Investors LP, Quadrangle Offshore GP Investors II, LP, QCP GCO Equity Investors LLC, QCP GP Investors II LLC, and Quadrangle GP Investors II LP.

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

### *Code of Ethics*

Quadrangle and the Fund Managers have adopted a Code of Ethics ("Code") in order to establish the standard of conduct expected of its employees in light of the duties of Quadrangle and its affiliates to the Quadrangle Funds. The Code sets forth standards of conduct based on ethical and professional principles that are expected of all employees and addresses potential conflicts of interest that may arise during their employment. The Code is designed to comply with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act").

Among other things, the Code defines Quadrangle's policies regarding employees' relationships with the Quadrangle Funds and other financial services firms, receiving gifts from business associates and employees' involvement in outside business activities.

The Code is based on the underlying principle that Quadrangle and its employees should prioritize the interests of the Quadrangle Funds. As such, the Code provides that Quadrangle and its employees must conduct their personal securities transactions in full compliance with the Code, avoid taking inappropriate

advantage of their position, comply with applicable federal securities laws and appropriately address conflicts of interest. The specific policies and procedures in the Code that Quadrangle has adopted to govern personal trading of Quadrangle's employees and their immediate family members were designed to address, manage, and mitigate potential conflicts of interest that may arise in connection with employees or their related persons trading or maintaining positions of beneficial ownership in securities for personal accounts. Generally, Quadrangle's employees must pre-clear certain transactions with approved Compliance representative prior to executing such transactions, and they must report their transactions and holdings to Quadrangle's CCO or designee on a periodic basis.

Quadrangle's personnel may, at times, come into possession of material non-public information through a number of means, including as a result of sitting on or serving as an observer to the board of directors of a company of a Quadrangle Fund. Quadrangle has adopted policies addressing the handling and protection of material non-public information. Quadrangle and its employees are prohibited from using such information to buy or sell securities until the information has been adequately disclosed to the public or is no longer material. This may cause Quadrangle to be unable to dispose of or otherwise take action with respect to an investment at a given time, even if such action were in the best interests of applicable Quadrangle Funds.

In certain circumstances, Quadrangle may conclude that certain transactions in a particular security need to be restricted and therefore the security may be placed on the "restricted list." While a security is on the restricted list, Quadrangle may prohibit purchases, sales, or other transactions in the security by Quadrangle employees. The reasons for placing a security on the restricted list include, but are not limited to, (i) preventing the appearance of impropriety in connection with trading decisions and (ii) preventing the use, or appearance of the use, of inside information.

Each employee is required to acknowledge the receipt of the Code and any amendments.

Current or prospective investors may obtain a copy of the Code by contacting Quadrangle's CCO.

#### *Participation in Client Transactions*

As described in Item 4 above, a Quadrangle affiliate serves as a Fund GP of each Quadrangle Fund. These Fund GPs also commit capital to the Quadrangle Funds and, as a result, every investment made by a Quadrangle Fund involves a purchase of securities whereby related persons of Quadrangle indirectly acquire an indirect interest in such securities. The principal owners and other employees of Quadrangle may also invest directly in certain of the Quadrangle Funds or indirectly through the Fund GPs.

While the fact that Quadrangle's related persons have financial interests in the Quadrangle Funds could cause Quadrangle and/or the Fund Managers to make different investment decisions than if financial ownership interest did not exist, Quadrangle believes that these financial interests align Quadrangle's and the Fund Managers' incentives with the other investors of the Quadrangle Funds.

Quadrangle personnel are generally not permitted to hold interests in Quadrangle Fund portfolio companies outside of their indirect interests through Fund Managers or through their investment in Quadrangle Funds. However, Quadrangle Funds may invest in companies in which related persons of Quadrangle have invested. Such investments will only be made if the terms of the applicable Fund Agreements permit such investment.

As described in Item 5 above, Quadrangle or the Fund Managers may receive certain break-up, topping, investment banking, transaction, monitoring, directors', advisory, consulting or other similar fees in connection with portfolio investments of the Fund Managers as compensation for financial advisory and

similar services provided by them to the Quadrangle Funds' portfolio companies. While the Management Fees payable by the Quadrangle Funds to Quadrangle may be offset by a portion of such fees pursuant to the applicable Fund Agreement or Investment Management Agreement, Quadrangle further mitigates this conflict of interest by negotiating such fees at arm's length with such portfolio company and generally seeking to ensure that such fees are, in the good faith opinion of Quadrangle, in accordance with prevailing market rates in the relevant industry. Quadrangle does not take into consideration whether a portfolio company will pay Quadrangle or its affiliate a service fee when making an investment determination.

## **Item 12. Brokerage Practices**

The private company securities which are the primary investments by the Quadrangle Funds are generally purchased in private placement transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer mark-ups. However, from time to time, Quadrangle or the Fund Managers may advise the Quadrangle Funds regarding the purchase or sale of publicly-traded securities, including in connection with investments in portfolio companies through transactions that include the purchase or sale of publicly-traded securities in order to acquire or dispose of such portfolio companies. Quadrangle has adopted policies and procedures reflective of its duty to execute trades in publicly-traded securities in a manner designed to seek best price and execution.

In general, Quadrangle and the Fund Managers do not measure best execution solely by reference to commission rates or price, but rather considers a number of factors, including but not limited to: the nature and type of security or instrument being traded; the size and type of transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the broker's or dealer's execution services rendered on a continuing basis and in other transactions; the state of the relevant market; and trade execution, clearance, and settlement capabilities as well as other characteristics of the broker or dealer. In determining whether a particular broker or dealer is likely to provide best execution for a particular trade, Quadrangle may take into account, among other factors: the overall reputation, experience, reliability, and financial stability of the broker or dealer; the quality of the broker's or dealer's relationship with Quadrangle; the broker's or dealer's expertise; the ability to maintain Quadrangle's anonymity when executing a trade; the quality of execution; the quality of service from prior transactions; the belief that the broker or dealer charges a fair and reasonable fee for each trade (including based on prior trades); and the broker's or dealer's longevity of presence in the market.

Quadrangle and the Fund Managers have no duty or obligation to seek competitive bidding for the most favorable commission rate applicable to any particular transaction, or to select any broker or dealer on the basis of its commission rate. The limited trading of Quadrangle and its affiliates may involve specialized services on the part of the broker or dealer involved and would thereby entail commissions, or their equivalents, greater than would be the case with other transactions requiring more routine services. Because of such factors, paying a broker or dealer a higher commission rate than another broker or dealer might charge may be appropriate if the difference in cost is reasonably justified in seeking what is in the best long-term economic interests of a Quadrangle Fund.

When executing a transaction on behalf of a Quadrangle Fund, Quadrangle and the Fund Managers will take reasonable steps to ensure that the broker or dealer is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature.

Neither Quadrangle nor the Fund Managers, as a matter of policy, effect soft dollar transactions or enter into soft dollar arrangements in respect of transactions for any Quadrangle Funds. If Quadrangle or the

Fund Managers determine to do so, it will be done within the “safe harbor” protection provided by Section 28(e) of the Securities Exchange Act of 1934. While Quadrangle and the Fund Managers may receive proprietary research from certain brokerage firms, it does not take the value of such research into account in selecting brokers.

Neither Quadrangle nor the Fund Managers currently compensate broker-dealers or third parties for client referrals. Client referrals are not a factor in the broker-dealer selection process for a particular public securities transaction.

Quadrangle and the Fund Managers have complete discretion in selecting a broker or dealer for a securities transaction and determining the commission to be paid in connection with that transaction.

Quadrangle and the Fund Managers aggregate orders for purchase or sale of a security as deemed appropriate, only if it is in the best interest of the applicable Quadrangle Funds and in accordance with each Quadrangle Fund’s Fund Agreements.

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

#### *Fund Review*

Quadrangle’s investment professionals, including its Managing Principals, are responsible for monitoring the investments of each Quadrangle Fund on quarterly and other periodic bases.

Investors in the Quadrangle Funds typically receive, among other things, a copy of the relevant Fund’s audited financial statements on an annual basis. Additionally, investors typically receive a quarterly reporting package, which includes a copy of the relevant Fund’s unaudited financial statements and commentary regarding performance of the portfolio companies of the relevant Quadrangle Fund.

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

During the offering period of the Quadrangle Funds, Quadrangle retained the services of placement agents in connection with the introduction of prospective investors to its Funds, as permitted pursuant to the relevant offering document. Currently, the Quadrangle Funds are not soliciting or accepting new investors or limited partners. Consequently, no placement or similar fees are currently being paid for client referrals.

### **Item 15. Custody**

Quadrangle and/or its affiliates generally have custody of the assets of Quadrangle Funds, and accordingly Quadrangle and its affiliates comply with the custody requirements applicable to registered investment advisers.

All of the Quadrangle Funds’ assets, save for certain uncertificated securities purchased in private transactions, are held with a “qualified custodian,” as defined in the applicable custody rules, which generally includes a bank or broker-dealer.

Quadrangle is exempt from the quarterly account statement delivery obligations and surprise audit requirement of the custody rule because each of the Quadrangle Funds are audited each year by an independent public accountant, and Quadrangle distributes financial statements to investors in each Fund annually. As indicated above, investors in each Quadrangle Fund receive audited financial statements for the applicable Quadrangle Fund within 120 days of the end of each fiscal year.

## **Item 16. Investment Discretion**

The applicable Fund Agreement or Investment Management Agreement of a Quadrangle Fund generally grants to the applicable Fund Manager full discretionary authority to manage the day-to-day investment operations of such Quadrangle Fund in accordance with the terms and conditions of the applicable Fund Agreement and Investment Management Agreements. Investors in a Quadrangle Fund may not impose any limitations on such authority, other than any limitations which are negotiated at the time of the organization of a Quadrangle Fund and set forth in the applicable Fund Agreement or Investment Management Agreement.

## **Item 17. Voting Client Securities**

Given the nature of Quadrangle Funds' private equity investments, Quadrangle does not expect to receive many requests to act as proxy in a proxy voting capacity. However, Quadrangle have established policies and procedures to govern how Quadrangle or the Fund Managers will act to the extent it is requested to act as proxy in a proxy voting capacity. Quadrangle's proxy voting policy and procedures also include provisions to manage potential conflicts of interest in connection with the proxy voting requests received by Quadrangle.

Generally, Quadrangle or the applicable Fund Manager is provided with the voting authority and discretion to engage in proxy voting with respect to the securities owned by each Fund. In such cases, each proxy voting proposal received by a Fund is thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Quadrangle Fund holding the applicable securities.

Quadrangle proxy voting policies, procedures, and voting history are available to any Quadrangle Fund investor, upon request, subject to the provision that they are subject to change at any time without notice.

Quadrangle and/or its personnel may occasionally have business or personal relationships with the proponents of proxy voting proposals, participants in proxy voting contests, corporate directors and officers, or candidates for directorships. Any conflicts of interest relating to proxy voting, regardless of whether actual or perceived, will be addressed in accordance with these policies and procedures. The guiding principle by which Quadrangle or a Fund Manager votes in any proxy voting capacity is the maximization of the ultimate long-term economic value of the relevant Quadrangle Fund and does not permit proxy voting decisions to be influenced in any manner contrary to, or dilutive of, this guiding principle.

Quadrangle reserves the right to abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Quadrangle investment professionals, the costs associated with providing proxy voting outweigh the benefits to a Fund, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the relevant Quadrangle Fund.

## **Item 18. Financial Information**

Not applicable.

## **Item 19. Requirements for State-Registered Advisers**

Not applicable.