

Millstreet Capital Management LLC

Brochure Part 2A of Form ADV

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March 30, 2016

This brochure provides information about the qualifications and business practices of Millstreet Capital Management LLC (“Millstreet”). If you have any questions about the contents of this brochure, please contact Becky Vail at (617) 939-0033 or bvail@millstreet.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT MILLSTREET OR ANY PRINCIPALS OR EMPLOYEES OF MILLSTREET POSSESS ANY PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

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Material Changes

The following are material changes to Millstreet's brochure since the submission of our last annual update on March 31, 2015:

1. From the last annual update, Millstreet has added one separately managed account and launched Millstreet Credit Offshore Fund Ltd., a Cayman Islands exempted company that invests substantially all of its assets in Millstreet Credit Fund LP through a mini-master structure.
2. Millstreet ended its relationship with Palmer Square Emerging Manager Fund L.P. effective December 31, 2015. As part of the termination, Millstreet bought back future revenue share rights and returned capital contributed by Palmer Square Emerging Manager Fund L.P. and a related fund.
3. Craig Kelleher is now on the Board of Directors of US Shale Solutions, Inc. Millstreet's client portfolios hold securities of this issuer. The fees related to Mr. Kelleher's board seat are paid to Millstreet.

Millstreet Capital Management LLC (“Millstreet”) is a Delaware limited liability company formed on March 16, 2010. Millstreet is owned by Craig M. Kelleher, Brian D. Connolly, and Rebecca J. Vail. Craig Kelleher and Brian Connolly together control 100% of the voting rights. Millstreet ended its relationship with Palmer Square Emerging Manager Fund L.P. (the “Palmer Square Fund”) effective December 31, 2015. As part of the termination, Millstreet acquired certain revenues of Millstreet and its affiliates that the Palmer Square Fund was entitled to going forward. In exchange, capital that the Palmer Square Fund and a related fund had contributed to Millstreet Credit Fund LP, a Delaware limited partnership (the “Fund”), was returned. Millstreet now owns 100% of the economics of its business again.

Millstreet provides investment management and administrative services on a discretionary basis to private pooled investment vehicles and separately managed accounts of institutional qualified purchasers. At this time, we serve as the investment manager to the Fund and Millstreet Credit Offshore Fund Ltd., which is an offshore feeder fund incorporated as a Cayman Islands exempted company (the “Offshore Fund”), as well as six separately managed accounts (the “SMAs”), some of which may be portfolios within private funds sub-advised by Millstreet. The Fund and Offshore Fund are referred to collectively herein as the “Funds.”

Millstreet currently manages the Fund, a long/short credit fund that employs a fundamental investment philosophy with a focus on the small-to-mid capitalization segment of the high yield market. The Fund primarily invests in high yield securities, but also typically has a sleeve of equities derived from a credit perspective, capital structure arbitrage trades, and portfolio protection strategies. The portfolio may also include credit default swaps. The investor base is primarily funds of funds, high net worth individuals, and family offices. Millstreet launched the Offshore Fund in January 2016. The Offshore Fund invests substantially all of its assets in the Fund (as a limited partner in the Fund), and the Fund is the master fund in the new mini-master structure.

Millstreet can tailor its advisory services to the individual needs of clients. Under certain circumstances, investors may impose restrictions on investing in certain securities, types of securities, amounts of securities, or types of investments. Any investing restrictions or limitations for a separately managed account are established and agreed upon in the investment advisory agreement between Millstreet and the investor. The Fund follows the parameters set out by the Fund’s Confidential Private Offering Memorandum. Our current clients generally follow the same strategy as the Fund’s core credit portfolio or invest in a subset of the Fund’s core credit portfolio, but certain restrictions and other factors may result in differences in investments compared to the Fund (see discussion in “Brokerage Practices” below). The SMA investor base is comprised of pooled investment vehicles, funds of funds, and corporations and other business entities.

As of January 31, 2016, Millstreet had approximately US\$401.5 million in regulatory assets under management. Presently, all of our client assets are discretionary.

Fees and Compensation

Millstreet generally charges its clients management fees based on the value of clients' assets under our management and may also charge a performance fee consisting of a percentage of the net profits earned in or increase in net asset value of each client's account, subject to a high water mark, a hurdle rate, and a participation rate where applicable. Investors in the Fund are required to be "qualified purchasers" as defined in Section 2(a)(51)(A) under the Investment Company Act of 1940, and all of Millstreet's other SMA clients are qualified purchasers. Therefore, Millstreet's compensation and exact fee schedules are not disclosed here.

Millstreet is paid a management fee by clients quarterly in advance based on the net assets on the last business day of the preceding quarter, quarterly in arrears based on a daily accrual computed on the daily net asset value of the portfolio, or monthly in arrears based on the net assets on the last business day of a given month, after adjustment for any contributions or withdrawals. Management fees are prorated for any period that is less than a full period. Millstreet's affiliate, Millstreet Capital Partners LLC, the Fund's general partner ("General Partner"), is allocated a performance allocation annually in arrears for each fiscal year the Fund generates a net profit. The management fees and any performance allocation of the Fund are deducted from the Fund's assets. The Offshore Fund's investment as a limited partner in the Fund is subject to both a management fee and a performance allocation. The SMAs may also pay Millstreet an incentive fee quarterly in arrears based on new trading profits or annually in arrears based on an increase in net asset value or based on performance accrued daily. Incentive fees may be subject to a high water mark, a hurdle rate, and a participation rate. For separately managed accounts, fees are agreed upon and generally invoiced and payable upon receipt.

Millstreet is also paid a quarterly fee for Craig Kelleher's seat as a director on the board of US Shale Solutions, Inc.

The Fund pays its expenses, including legal expenses, audit and tax-preparation expenses, fees and expenses of the Fund's administrator, expenses of agents and other persons providing services to or on behalf of the Fund, the management fee, governmental and registration fees and taxes, and investment expenses such as commissions, research fees, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, extraordinary expenses, insurance, and any other reasonable expenses related to the purchase, sale or transmittal of Fund assets. Organizational expenses of the Fund include the preparation of the offering memorandum and subscription documents, entity registration and fund formation documents, all legal expenses incurred in connection with the offer and sale of interests in the Fund, legal work regarding a seed investment and corresponding revenue share arrangement by the Seed Investor, as well as setup expenses for a portfolio accounting system. The organizational expenses are amortized over a period of 60 months. The Offshore Fund pays its pro rata portion of the Fund's expenses allocated to it as a limited partner and also has certain specific costs allocated directly to it, such as audit and tax-preparation fees, organizational fees, administration fees, and registered office and other recurring legal fees. Regarding the expenses of the SMAs, all brokerage commissions and fees and clearing and regulatory fees arising from trading or

other transactions of each SMA, any margin financing fees, and management fees, in addition to other direct costs, which may include certain legal expenses, associated with the activities of each SMA, are borne by each SMA respectively. The allocation of SMA expenses is stipulated in each investment advisory agreement.

Please refer to “Brokerage Practices” for a discussion of brokerage.

Clients typically pay Millstreet the management fee quarterly in advance, but may pay Millstreet monthly in arrears or quarterly in arrears. For clients subject to a performance allocation or incentive fee, any performance allocation or incentive fee is paid by clients in arrears. The Fund has a one year lock-up provision; thereafter, a limited partner may withdraw all or part of his/her invested capital on the last business day of any fiscal quarter upon giving the required 45 days’ notice. Due to the above described provisions, subscriptions in the Fund may not be terminated before the end of a billing period. Each SMA may be terminated by either party upon the required notice established in the investment advisory agreement and Millstreet will refund any prepaid but unearned fees, calculated based on the number of days that the SMA was in effect for that quarter or month, as applicable.

Performance-Based Fees and Side-by-Side Management

Certain clients managed by Millstreet pay both a management fee and a performance allocation or incentive fee to Millstreet or its affiliate, Millstreet Capital Partners LLC (the “General Partner”). Other clients pay only a management fee. Any performance allocation or incentive fee is based on a percentage of the net profits, new trading profits, or increase in net asset value as defined in the investment advisory agreement and may be subject to parameters, such as a hurdle rate. The General Partner, in its sole discretion, may waive or reduce or calculate differently the performance allocation and/or management fee for certain limited partners of the Fund. No management fee or performance allocation is paid to Millstreet or the General Partner with respect to the account of the General Partner or Millstreet including any limited partnership interest owned beneficially by a Class A member or employee of Millstreet or the General Partner.

The incentive allocation or “performance-based fee” may create an incentive for Millstreet to make investments that are more speculative or riskier than would be the case if there were no performance-based fees. Capital appreciation, both realized and unrealized, is a factor in calculating performance-based fees.

Millstreet manages accounts and funds that may charge performance-based fees at different rates and which may be subject to different parameters. Any differences in the fee structures of the private pooled investment vehicles and other accounts we manage could create an incentive for Millstreet to favor those clients that pay higher performance-based fees. We have established procedures to ensure that clients paying higher fees do not receive preferential treatment over clients paying lower fees. As a fiduciary,

Millstreet recognizes its duty to act in good faith with fairness in all of its dealings with all clients, regardless of fee arrangements.

Millstreet generally has discretion to waive or modify the application of any provision of the investment terms applicable to an investor in the Fund in a "side letter" or in any other manner, without obtaining the consent of any other investor in the Fund. Certain clients may negotiate certain capacity and fee rights. In all cases, any modified provisions are subject always to Millstreet's fiduciary duty to treat all investors fairly and equitably.

Types of Clients

Millstreet currently provides investment management and administrative services to private pooled investment vehicles and separately managed accounts for institutional investors, which are all qualified purchasers.

The minimum investment in the Fund and the Offshore Fund is \$500,000. Lesser amounts may be accepted at the sole discretion of the General Partner. All investors in the Fund and Offshore Fund must be "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act or "knowledgeable employees" within the meaning of Rule 3c-5 of the Investment Company Act. The minimum amount for a separately managed account will be at the discretion of Millstreet and will depend on client guidelines regarding strategy and investment restrictions.

Methods of Analysis, Investment Strategies, and Risk of Loss

Millstreet's strategy seeks to produce risk-adjusted absolute returns over a full market cycle while minimizing the risk of permanent capital loss. We employ a fundamentally driven, value-oriented investment strategy with a focus on small-to-mid capitalization high yield credits. The emphasis is on out-of-favor and/or overlooked small-to-mid cap U.S. corporate bonds and leveraged loans and securities often characterized by identifiable catalysts/transformational events that we believe provide opportunities to capture excess returns. We attempt to achieve our investment objective by employing our strategy across the entire capital structure of an entity, including but not limited to senior and subordinated bonds, second lien loans, mezzanine debt, common stock, and bank debt. Millstreet's Fund utilizes a long/short portfolio complemented by capital structure arbitrage and portfolio protection strategies. The Fund and certain SMAs may purchase securities on margin.

Millstreet's research process is based on top-down and bottom-up fundamental analysis of both long and short investments and an evaluation of the relative merits of each investment. We analyze the many issues that can affect an investment's relative attractiveness, with a particular focus on the overall

quality of a security relative to its perceived value. Investment opportunities are subject to in-depth analysis of company, industry, management, structural, and market factors.

Millstreet intends to pursue the methods of analysis and investment strategies described above, although we may also formulate new approaches to carry out our investment objectives. Millstreet and its affiliates generally have broad and flexible investment authority over our portfolios, but investments in client accounts may be subject to restrictions or limitations as to the types or specific characteristics of securities that may be purchased or the types of trades that may be effected for each account.

Material Risks for Investment Strategies and Types of Securities:

The portfolios managed by Millstreet should be considered speculative investments and are not intended to be complete investment programs. The portfolios are designed only for sophisticated clients who are able to bear the risk of loss of their entire investments. Investors should be aware that they may be required to bear the financial risks of an investment for an indefinite period of time. The list of risk factors below is not exhaustive and a more comprehensive list of risks is detailed in the offering materials.

Fixed-Income and High Yield Securities. Millstreet invests in bonds, other fixed-income securities, or securities with high yield characteristics. Such securities may be below “investment grade” and may face ongoing uncertainties and exposure to adverse business or economic conditions that could lead to a higher incidence of default by the issuers. The market values of certain of these lower-rated debt securities tend to reflect specific corporate developments rather than fluctuations in the general level of interest rates. These securities may be more sensitive to economic conditions than are higher-rated securities. Companies that issue lower-rated debt securities often are highly leveraged and may not have access to more traditional methods of financing.

Distressed Debt. Millstreet may invest in the securities of financially and/or operationally troubled issuers which involve a high degree of credit and market risk. Securities of such issuers are typically more volatile and less liquid than securities of companies not experiencing such difficulties. Events during the bankruptcy process may be difficult to predict.

Long-Short Fixed-Income Strategy. Millstreet may employ a long-short fixed-income strategy for its clients. Success of a long-short strategy depends upon the market eventually recognizing what Millstreet believes is the true value through the price of the security. This market realization may not necessarily occur or may occur over a time period longer than Millstreet expects, during which time an investment may undergo significant price volatility to the benefit or detriment of the position.

Short Sales. Millstreet may make short sales of investment securities. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolio. A short sale theoretically involves the risk of an unlimited loss. The security sold short may experience a short squeeze if short sellers try to cover their short positions at the same time. Millstreet may be compelled to replace borrowed securities previously sold short with purchases on the open market at very disadvantageous prices.

Options. Millstreet may purchase and write options in order to implement investing and hedging strategies. Purchasing put and call options, as well as writing such options, are highly specialized

activities and entail greater than ordinary investment risks. An investment in an option may be subject to greater fluctuation than an investment in the underlying security.

Credit Default Swaps. Millstreet may enter into credit default swaps (“CDS”) on market indices or single names as a means to hedge. A CDS is an agreement between a buyer and seller whereby the buyer makes a series of payments to the seller and, in exchange, the seller will compensate the buyer in the event of a loan default or other credit event. Millstreet expects to mostly enter into CDS contracts as a buyer of protection with a financial institution or broker/dealer as counterparty. Investments in CDS involve costs and expenses that may reduce the returns of the overall portfolio. If Millstreet is incorrect in its evaluation of default risks or other factors, CDS may not provide the expected protection or hedge. CDS may also subject Millstreet to counterparty risk. Please refer to “Swaps, Counterparty, and Custodial Risks” below for a discussion of counterparty risk.

Hedging Transactions. Millstreet may employ hedging transactions in a variety of hedging instruments in an attempt to neutralize the portfolios’ fixed-income, equity, interest rate, and currency exposures. There can be no assurance that Millstreet will always employ hedges or that its hedging transactions will be effective in hedging the risks they are intended to hedge. Ineffective hedges could result in substantial or total losses for Millstreet’s portfolios. Hedging transactions also involve additional costs and expenses, which may adversely affect overall performance.

Swaps, Counterparty, and Custodial Risk. To the extent Millstreet invests in OTC swaps or other OTC derivative instruments including CDS, Millstreet is subject to the risk of non-performance by the other party to the contract including credit risk of the counterparty and the risk of settlement default. For OTC derivatives not centrally cleared (which reduces counterparty risk), Millstreet may not benefit from the protections of exchange-traded transactions that generally are supported by clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two parties may not benefit from such protections and may expose each party to the risk of default of the other party. Millstreet also faces counterparty risks in connection with borrowing and lending securities and generally does not perform extensive credit analyses on its counterparties. There are additional risks involved in dealing with the custodians or brokers who settle Millstreet’s trades in that segregation and tagging securities as being those of Millstreet’s specific portfolios may not always be possible to achieve and the enforcement of rights to assets in the case of insolvency of a custodian or broker may entail practical or time issues.

Arbitrage Risk. In arbitrage strategies involving short sales, there is the risk of loss of the hedge if the security sold short is called by the lending broker. This can force the sale of the related long position at an inopportune time. Other hedging strategies similarly are vulnerable to the default of one side of the “hedge.” Millstreet tries to use different lending brokers and to diversify its portfolios to help mitigate this risk.

Leverage. Millstreet may utilize leverage in its investing strategies including trading on margin by borrowing funds and pledging securities as collateral. Leverage increases portfolio returns if there is a greater return on the incremental investments purchased with leverage than the cost paid for such leverage, but decreases portfolio returns if the return on such incremental investments is less than the cost paid for such leverage. Short-term margin borrowings have the additional risk of being subject to margin calls, whereby either additional funds are required to be deposited with the broker or mandatory liquidation of the pledged securities takes place in order to compensate for the decline in value.

Lack of Liquidity and Illiquid Investments. Millstreet's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable. Millstreet may not be able to sell such securities at a desired price, they may take more time to sell, and they may result in higher brokerage fees and other selling expenses than more liquid securities. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value these investments.

Lack of Diversification. Millstreet's portfolios will not generally be as diversified as other investment vehicles and may be subject to more volatility than other vehicles that have wider diversification.

Disciplinary Information

Millstreet and its employees have not been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Millstreet's advisory business or the integrity of its management and personnel.

Other Financial Industry Activities and Affiliations

Millstreet Co-Founder Brian Connolly is an independent director of Aware, Inc., a leading supplier of biometrics software products and development services, and serves as a member of the Board's Audit Committee and Nominating and Corporate Governance Committee.

Millstreet Co-Founder Craig Kelleher currently serves on the Board of Directors of US Shale Solutions, Inc. Millstreet earns the fee paid to Mr. Kelleher for being a board member which may create a conflict of interest with investors, since the Fund and SMAs hold securities of US Shale Solutions, Inc.

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

Millstreet administers a compliance manual that includes a Code of Ethics to all its members and employees (collectively, "employees"). Employees must adhere to personal trading policies, which include pre-clearing personal trades in reportable securities by the Chief Compliance Officer, Becky Vail. In addition to pre-approval, Millstreet's policies prohibit trading in corporate taxable fixed-income securities (the majority of the assets in client accounts), securities held in accounts managed by Millstreet within 30 days of any trades in that security for Millstreet's client accounts, securities which are under consideration for client accounts, and initial public offerings, among other restrictions. Each employee must also provide initial securities holdings reports and annual securities holding reports, as

well as brokerage statements and trade confirmations related to personal securities transactions in reportable securities in which such person or any member of his or her immediately family has a beneficial ownership interest or for which an employee has investment discretion, sent directly to Millstreet's Chief Compliance Officer within 30 days of each quarter end. Personal trades are reviewed for potential conflicts of interest. Millstreet monitors all transactions by employees in order to identify any possible violations or any pattern of conduct that may evidence a conflict or potential conflict with the principles and objectives of Millstreet's Code of Ethics or other inappropriate behavior. Millstreet's Code of Ethics is available for review by clients and prospective clients upon request.

An affiliate of Millstreet, Millstreet Capital Partners LLC, a Delaware limited liability company, is the General Partner of the Fund, to which Millstreet provides investment management and administrative services. The General Partner maintains capital in the Fund (which may include amounts invested in limited partnership interests beneficially owned by Class A members of the General Partner) in an amount equal to at least \$1,000,000. Millstreet also maintains capital in the Fund in an amount beneficially owned by the Class A members. Millstreet may recommend to its clients investment in the Fund, subject always to Millstreet's fiduciary duty to act in the interests of its clients.

Brokerage Practices

Millstreet has the authority to determine, without specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, and the broker or brokers with whom to execute each transaction. In choosing the broker-dealer to use for each securities transaction, Millstreet generally seeks best execution. We are not required to select the broker that charges the lowest transaction cost and consider many factors. We take into account the financial stability and reputation of the broker-dealer and the execution services provided by such broker-dealer, even though the client account for which the transaction is being made may not be the direct or indirect beneficiary of the services provided. The majority of client account assets are in corporate fixed-income securities which trade over-the-counter and not on an exchange. Some of the securities selected by Millstreet may be thinly traded and there may be only one broker-dealer who can execute the desired trade. The General Partner selects the prime brokers (or introducing brokers) that will handle all clearing, settlement, and custody of the Fund. The SMAs select the custodians and/or prime brokers for their accounts managed by Millstreet, but Millstreet may make a suggestion in the selection process.

In choosing a broker-dealer for bond loan transactions, Millstreet generally does not consider the value of various services or products that the broker-dealer provides client accounts beyond transaction execution. Some of our bond positions are in securities for which there is very limited research available. Millstreet may receive, on an unsolicited basis, various research and other products and services from brokers or dealers. Millstreet affords no consideration, however, to the receipt of such products and services when determining through which brokers or dealers it executes client securities transactions. Millstreet does not use soft dollar benefits to service client accounts. Transaction fees are built in to the price of a bond transaction and an OTC credit default swap, whereas a commission per share, per contract, or per trade is paid for equities, options, and cleared CDS transactions, respectively.

Millstreet will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. The following are among the factors that may be considered by Millstreet in allocating trades among client accounts: strategies, investment policies, guidelines or restrictions applicable to each specific client; cash availability; risk tolerances; portfolios' actual sector weightings vs targets; and diversification of holdings.

The portfolio managers of the Fund may bid for and purchase (and sell) the same securities as purchased and sold for Millstreet's SMAs. Differing investment portfolios can be expected to result from several factors, including, without limitation, differences in investment strategy, potential regulatory constraints, client imposed investment restrictions, and the amount of cash available for investment. For these reasons, such purchase and sale orders for the Fund may be made separately from purchases and sales for the SMA strategies. On occasion, Millstreet may purchase a security for the Fund or an SMA while at the same time it sells the same security for an SMA or the Fund. Such a transfer may occur if an investor requests a change to its portfolio or in order to rebalance positions. Any transfer must be consistent with Millstreet's fiduciary obligations to its investors and must be effected through one or more broker-dealers.

If Millstreet believes that the purchase or sale of a security is in the best interest of more than one of its clients, Millstreet will generally aggregate orders of various accounts which are under the management of Millstreet and the General Partner for execution in order to get the benefit of best prices or commission rates from a larger overall transaction size. Millstreet has established allocation and aggregation procedures that are designed to ensure that each client is treated fairly and that transactions are allocated in a manner that is fair and equitable to each client relative to other clients, taking into account all relevant facts and circumstances. In certain cases, the aggregate order may be executed in a series of transactions at various prices and the trades are allocated to client accounts as to amount and price in a manner considered equitable to each account so that each typically receives the average price of such transactions. Exceptions may be made due to the size of the account and the size of the trade. In the event the portfolio managers determine to aggregate offers to buy or sell the same bonds across the Fund and SMAs, the aggregation policies described above will be in effect.

Review of Accounts

Craig Kelleher, Managing Member of Millstreet and the General Partner and Chief Investment Officer, and Brian Connolly, Managing Member of Millstreet and the General Partner and Portfolio Manager, review investments in each client account daily and continually to reassess valuations, theses, and the risk/reward profile of each existing investment on a stand-alone basis and within the context of the overall client account. The daily evaluation also facilitates adherence to the investment strategy. Internal portfolio profit and loss estimates are maintained on a real-time basis.

Conditions that may trigger a review aside from regular periodic reviews are changes in applicable laws,

new investment information, changes in the market, a change in the thesis related to any of our positions, and changes in a particular client's circumstances.

Becky Vail, Member of Millstreet and the General Partner and Chief Financial Officer, Chief Operating Officer, and Chief Compliance Officer, and Millstreet's operations team also maintain a portfolio profit and loss estimates for each client account. The estimate for the Fund is compared on a monthly basis to the accounting calculated by Stone Coast Fund Services LLC, the administrator of the Fund, in order to confirm and approve the final net asset value and investor capital balances each month. Millstreet also reviews and approves the monthly NAV/share and ending net assets for each investor in the Offshore Fund. Millstreet's estimate of each SMA's profit and loss is compared monthly/quarterly to the SMA investor's own accounting of that account. The investor and Millstreet agree upon the profit and loss for the period and any associated fees.

The Fund's auditor, KPMG LLP, audits the books and records of the Fund at the end of each fiscal year and annually provides investors in the Fund within 120 days of the Fund's fiscal year end with audited year-end financial statements compiled in accordance with GAAP. KPMG LLP will also provide audited financial statements to investors in the Offshore Fund beginning with fiscal year-end 2016.

Regarding the Fund, investor statements with capital balances and net performance for the month and year-to-date are provided to investors on a monthly basis. Investors in the Offshore Fund receive investor statements that include the NAV per share, ending net assets, and the month and year-to-date net performance. Investors in the Fund and Offshore Fund may also be provided a commentary and a portfolio snapshot of the Fund generally on a monthly basis that may include details such as fund characteristics (AUM, number of total positions, exposures), fixed income distribution (average coupon, yield, maturity, duration, rating), and performance (attribution, monthly, year-to-date, inception-to-date). On a quarterly basis, investors are provided a quarterly letter that includes portfolio and market commentary. Audited financial statements and K-1s are sent to investors in the Fund annually. Audited financial statements will also be provided to investors in the Offshore Fund annually beginning with fiscal 2016. The SMAs receive the same general commentary provided to investors in the Fund and may receive consultation or reports as requested.

Client Referrals and Other Compensation

Millstreet has hired Equus Financial Consulting, LLC ("Equus"), an SEC-registered broker-dealer and member of FINRA, to help make introductions primarily to high net worth individuals and family offices. Millstreet will pay Equus referral fees for investors who become limited partners of the Fund or Millstreet clients if certain thresholds are met. Equus has agreed to comply with Rule 206(4)-3 under the Advisers Act and follow the rule's requirements, including providing disclosure statements to investor prospects when applicable.

Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however, Millstreet Capital Partners LLC is deemed to have custody of the Fund's assets since it serves as the General Partner of the Fund and has the ability to deduct advisory fees from the Fund's account. In addition, Millstreet is deemed to have custody of the Offshore Fund's assets since two of its related persons serve as Directors of the Offshore Fund. Limited partners in the Fund and shareholders in the Offshore Fund do not receive statements from the prime brokers. The Funds are subject to an annual audit and audited financial statements, which are prepared in accordance with generally accepted accounting principles by a PCAOB Accountant, are distributed annually to each limited partner or shareholder, as the case may be, within 120 days of the end of each fiscal year.

Millstreet is not deemed to have custody over any separately managed client accounts and is expressly prohibited from taking or receiving possession of any of the assets in the current SMAs.

Investment Discretion

Millstreet accepts discretionary authority to manage investment accounts on behalf of its clients. Under these arrangements, Millstreet has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold on behalf of clients. Millstreet's discretionary authority may be limited by specific mandates outlined and agreed upon in each client's individual investment advisory agreement with Millstreet.

All investors in the Funds agree to grant Millstreet an irrevocable power of attorney to sign necessary documents related to the business and management of the Funds on behalf of each such investor. Each investor grants this power upon execution and acceptance of the subscription documents for the Fund or Offshore Fund, as applicable. Regarding the SMAs, each investor has authorized and appointed Millstreet the attorney-in-fact with respect to trading for the investor's SMA.

Voting Client Securities

Millstreet's overall policy is to vote proxies and voluntary corporate action events and to evaluate class actions in the best interest of its clients. A material conflict of interest may arise if Millstreet, one of its principals, or one of its employees has a substantial business or personal relationship with the company that is the subject of a proxy or voluntary corporate action event or a proponent of a proxy proposal and the failure to vote in favor of management or the proponent could harm Millstreet's relationship with such persons or company. Becky Vail is Millstreet's designated Proxy Voting Administrator. She serves as the arbiter in determining whether specific proxies or corporate actions pose a material conflict of interest with Millstreet members or employees. The Proxy Voting Administrator helps resolve

material conflicts of interest related to proxies or corporate actions on a case by case basis. Resolution may involve recusing a Portfolio Manager from the voting decision or securing a third party to exercise the vote in the best interest of our clients. In general, Millstreet has minimal proxies to vote since the majority of its positions are in fixed income. However, voluntary corporate events for which Millstreet needs to make elections occur fairly frequently related to bond positions in Millstreet's portfolios.

The SMA investors generally reserve the authority to vote proxies on behalf of their accounts and receive proxy information directly. However, Millstreet may make suggestions to the investors regarding how certain proxies should be voted. Regarding voluntary corporate actions for bonds in the SMA portfolios, Millstreet has the authority to make the relevant elections.

In terms of participating in class actions, Millstreet will evaluate each class action to determine if it would be in the best interest of the Fund to participate. Regarding the SMAs, Millstreet will forward along information for the SMA investors to decide whether to file or not. Millstreet will not file a class action claim on behalf of any SMA investor (unless requested to) but may recommend what action the SMA investors should take.

Copies of Millstreet's complete written proxy voting policies and procedures are available upon request. Millstreet also makes its voting and election records available to investors. All requests should be directed to the Chief Compliance Officer using the contact information on the cover of this brochure.

Financial Information

Millstreet has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition that is reasonably likely to impair Millstreet's ability to meet its contractual commitments to its clients.