

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

MSD Partners, L.P.

March 2016

MSD Partners, L.P.

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This brochure (this “Brochure”) provides information about the qualifications and business practices of MSD Partners, L.P. (the “Investment Adviser” or “MSD”). If you have any questions about the contents of this Brochure, please contact us at (212) 303-4728 or bsimonds@msdpartners.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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

ITEM 2

MATERIAL CHANGES

The Brochure does not contain any material changes in the qualifications or business practices of the Investment Adviser when compared to the Investment Adviser's previous filing in March 2015.

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ITEM 4

ADVISORY BUSINESS

General Description of Advisory Firm

MSD Partners, L.P. (the “Investment Adviser” or “MSD”), formerly known as MSDC Management, L.P., is a Delaware limited partnership formed in July 2009 that provides investment management and certain administrative and managerial services to private investment funds and vehicles (each, a “Fund” or “Client” and, collectively, the “Funds” or “Clients”). The Investment Adviser was formed by the principals of MSD Capital, L.P. (“MSD Capital”), which is a family office that was founded in 1998 to exclusively manage the capital of Michael Dell and his family.

Glenn R. Fuhrman and John C. Phelan are Co-Managing Partners of the Investment Adviser and control the Investment Adviser as Members of its general partner, MSD Partners (GP), LLC (the “General Partner”).

Description of Advisory Services

The Investment Adviser serves as either the management company or sub-adviser to a number of Funds that are offered on a private placement basis. The Investment Adviser has discretionary authority over the Funds and the Funds are the clients of the Investment Adviser. The Funds include five fund structures pursuing different investment strategies. MSD also created certain investment vehicles (*i.e.*, MSD Financial Investments, LLC, MSDC Waypoint Investors, LLC, MSDC Denali Investors, L.P., MSDC Denali EIV, LLC, MSDC Music Investments, LLC and Torchlight TV Holdings, L.P.) to access specific private investment opportunities. Where appropriate, references herein to the Funds include entities through which the Funds invest. The five Fund structures are set forth below:

- The “Credit Opportunity Funds” include: (1) MSD Credit Opportunity Fund, L.P., a Delaware limited partnership; (2) MSD Credit Opportunity Master Fund, L.P., a Cayman Islands exempted limited partnership; (3) MSD Credit Opportunity Fund (Cayman), L.P., a Cayman Islands exempted limited partnership; and (4) MSD Credit Opportunity Master Fund II, L.P., a Cayman Islands exempted limited partnership.
- The “Energy Partners Fund” comprises MSD Energy Partners, L.P., a Delaware limited partnership.
- The “European Opportunity Funds” include: (1) MSD European Opportunity Fund, L.P., a Delaware limited partnership; (2) MSD European Opportunity Fund, Ltd., a Cayman Islands exempted company; and (3) MSD European Opportunity Master Fund, L.P., a Cayman Islands exempted limited partnership.
- The “Torchlight Funds” include: (1) MSD Torchlight Partners, L.P., a Delaware limited partnership; (2) MSD Torchlight Partners, Ltd., a Cayman Islands exempted company; and (3) MSD Torchlight Partners (MM), L.P., a Cayman Islands exempted limited partnership.

- The “India Funds,” which launched on January 1, 2016, include: (1) MSD India Partners, L.P., a Delaware limited partnership; (2) MSD India Master Fund, Ltd., a Mauritius Corporation; and (3) MSD India Fund, Ltd., a Mauritius Corporation.

MSD Capital (Europe), LLP (“MSD Europe”), an affiliate of the Investment Adviser located in London and registered with the U.K. Financial Conduct Authority, acts as a sub-adviser to the Investment Adviser with respect to the European Opportunity Funds and provides investment management and other services. An investment team based in London oversees the day-to-day business and affairs of the European Master Fund, with general supervision and back office support provided by the Investment Adviser in New York. The Investment Adviser assumes full responsibility for all fees payable to MSD Europe in connection with its provision of services.

MSD Partners Mauritius, Ltd. (“MSD Mauritius”), an affiliate of the Investment Adviser and licensed as a CIS Manager by the Financial Services Commission of Mauritius, acts as the investment manager to MSD India Master Fund, Ltd. and MSD India Fund, Ltd. The Investment Adviser serves as the sub-adviser to MSD Mauritius and provides investment management and other services. A Mauritius-based Board of Directors and a portfolio manager based in New York oversees the day-to-day business and affairs of the India Funds, with general supervision and back office support provided by the Investment Adviser in New York. MSD Mauritius assumes full responsibility for all fees payable to the Adviser in connection with its provision of services.

Certain affiliates under common control with the Investment Adviser serve as general partner to the Funds organized as limited partnerships (each a “Fund General Partner”). The Fund General Partners, MSD Europe and MSD Mauritius are persons associated with the Investment Adviser that provide investment advisory services to certain of the Funds. They are not separately registered as investment advisers with the SEC, but instead, in accordance with the *American Bar Association, Business Law Division* (Jan. 18, 2012) no-action letter, rely on the Investment Adviser’s registration with the SEC. Each such affiliate, however, conducts itself as though it were also registered with the SEC.

This Brochure generally includes information about the Investment Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its Clients, should not be understood to limit in any way the Investment Adviser’s investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client’s investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to

bear a substantial loss of any invested capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in each Fund's "Offering Documents" (*i.e.*, the Fund's offering memorandum, memorandum and articles of association or limited partnership agreement, as the case may be, and subscription document). All discussions of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, the risks associated with making an investment in the Funds, and conflicts faced by the Investment Adviser and its affiliates in connection with managing the Funds are qualified in their entirety by reference to each Fund's respective Offering Documents. Moreover, the Investment Adviser has the right to enter into agreements, such as side letters, with certain underlying Fund investors that may in certain cases provide for terms of investment or access to information that are more favorable than the terms provided to other underlying investors of the same Funds.

The Investment Adviser does not participate in wrap fee programs.

As of December 31, 2015, the Investment Adviser manages approximately \$7.48 billion of "regulatory assets" on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

Advisory Fees and Compensation

The fees and expenses applicable to each Fund are set forth in detail in each Fund's Offering Documents. A brief summary of such fees and expenses is provided below.

Management Fee

Generally, Fund investors pay the Investment Adviser a fee for investment management services (the "Management Fee") for each fiscal quarter equal to 0.375% (1.5% annualized) of the beginning net asset value of each investor's capital account for such fiscal quarter. The Management Fee is calculated and deducted from the investor's account quarterly in advance based on the net asset value of each investor's shares or interests. In the event that an investor makes a capital contribution to a Fund other than as of the first day of a quarter, a *pro rata* portion of the quarterly Management Fee in respect of such investor, based on the actual number of days remaining in such partial quarter, will be paid to the Investment Adviser by the investor. In the event that an investor's net asset value is reduced in connection with a withdrawal or redemption other than as of the last day of a quarter, the Investment Adviser generally will repay the investor an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter. In the sole discretion of the Investment Adviser or its affiliates, the Management Fee may be waived, reduced or calculated differently with respect to certain underlying Fund investors, including (without limitation) employees of the Investment Adviser, its affiliates or MSD Capital, and each of their respective family members, trusts, affiliates or other entities established for the benefit of such person or his or her family members (each a "Related Investor").

Incentive Allocation

Generally, at the end of each Fund's fiscal year, the Investment Adviser or an affiliate of the Investment Adviser is entitled to an incentive allocation in an amount equal to 20% of the net capital appreciation (which generally includes both realized gains and losses and unrealized appreciation and depreciation of securities held in each Fund's portfolio) allocated to an investor's capital account for such fiscal year after deducting the Management Fee and other Fund expenses debited to such investor's capital account for such fiscal year, subject to a loss carry forward mechanism (the "Incentive Allocation").

In the event that a Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Investment Adviser or an affiliate of the Investment Adviser, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors, including (without limitation) Related Investors.

The proceeds received in connection with any realized investment that the General Partner previously designated as a "Special Investment" (or side pocketed investment) or the value of a deemed realized Special Investment will be credited to the Special Investment account participating in the applicable Special Investment at the end of the accounting period during which the Special Investment is realized (or deemed realized). Following the end of such accounting period, the proceeds of a realized Special Investment (or the value of a deemed

realized Special Investment) will become part of the participating investor's capital account (or distributed to fully withdrawn investors (after accounting for expenses (including, without limitation, any Management Fees) and any Incentive Allocation with respect to such Special Investment)) based upon their interest in such Special Investment account.

In addition, affiliates of the Investment Adviser are compensated for managing entities that have been formed to access certain private investments. These compensation arrangements are individually negotiated.

Additional information related to the nature and timing of the fees MSD charges its Clients is provided in the relevant agreement between MSD and the particular Client (as well as in the Offering Documents, as applicable).

Additional Fees and Expenses

Each Fund bears its own expenses including, without limitation, investment expenses (*e.g.*, expenses that, in the General Partner's, the Investment Manager's or their affiliates' discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated, such as brokerage commissions, research-related expenses (including news and quotation equipment and services and investment-related travel expenses (including expenses associated with attending investment-related conferences and seminars and travel, lodging and other expenses incurred in connection with meeting members of management of existing or prospective investment targets)), clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses and investment banking expenses, certain compliance and reporting expenses, legal expenses, trade order management expenses, accounting, audit, tax preparation and other tax-related expenses (including preparation costs of financial statements, tax returns, reports to investors and Schedules K-1), expenses relating to obtaining liability and fidelity insurance for directors and officers, the General Partner, the Investment Adviser and their respective partners, members and employees, entity-level taxes and government registration fees, organizational expenses, printing and mailing costs, expenses relating to the offer and sale of Interests and withdrawals and transfers thereof, the Management Fee, administration fees and related costs (including fees to the third-party administrator), extraordinary expenses and other expenses associated with the operation of the Fund, as determined by the General Partner in its sole discretion). A portion of research-related expenses and trade order management expenses may be paid for using "soft dollars" (as described in further detail in Item 12 below). Except as otherwise described in each Fund's Offering Documents, the Fund's expenses will be shared by all of the investors in the Fund *pro rata* in accordance with the net asset value of their respective shares or interests.

If any of the above expenses or other expenses are incurred jointly for the benefit of more than one Client, such expenses will be allocated among the Clients in proportion to the size of the investment made by each Client in the activity or entity to which the expense relates, or in such other manner as the General Partner and/or the Investment Manager considers fair and reasonable. To the extent that expenses to be borne by the Client are paid by the General Partner (in excess of its ratable share), the Investment Adviser or an affiliate thereof, the Client will reimburse the General Partner, the Investment Adviser or such affiliate for such expenses.

Additional Compensation and Conflicts of Interest

Neither the Investment Adviser nor any of its supervised persons accepts compensation (*e.g.*, brokerage commissions) for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Investment Adviser and its affiliates accept performance-based fees from every Fund. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some Clients, but not from other Clients.

In the allocation of investment opportunities, performance-based compensation arrangements may create an incentive to favor accounts from which affiliates of the Investment Adviser may receive greater performance-based compensation (or which have no high water mark) over accounts from which affiliates of the Investment Adviser may receive less performance-based compensation. In addition, there is the incentive to trade for some Funds more aggressively than others or invest in riskier assets on behalf of one Fund as compared to another in an effort to maximize the profits for those Funds in which the Investment Adviser or its affiliates would share through an Incentive Allocation. However, all of the Funds currently bear the same performance-based compensation and the Investment Adviser has an allocation policy (as described in further detail in Item 12 below) pursuant to which the Investment Adviser endeavors to allocate investments among the Funds it manages in a fair and equitable manner over time.

The Investment Adviser and/or the General Partner values the assets held by the Funds and will be responsible for the determination of asset valuations for all purposes, including the determination of the Management Fee and the Incentive Allocation. If the Investment Adviser and/or the General Partner determines that the market price does not fairly represent the value of an asset or liability, or that liquidation or third-party market valuations are unavailable to value an asset or liability, the Investment Adviser and/or General Partner will value such investment as it, in its sole discretion, reasonably determines. The Funds have generally contracted with an administrator to provide certain services, including independent price verification of the investments held by the various Funds in calculating each Fund's net asset value and capital account maintenance and the independent verification of the calculation of Management Fees and Incentive Allocations. In addition, the Investment Manager and/or the General Partner may, in their sole discretion, engage third-parties to conduct independent valuations of certain less liquid or hard-to-value assets on a periodic basis. Finally, each Fund is audited by Deloitte & Touche, which performs valuation testing on certain Fund assets in connection with issuing the relevant audit opinion.

ITEM 7
TYPES OF CLIENTS

The Investment Adviser generally provides investment advice to pooled investment vehicles (or funds), as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies that the Investment Adviser pursues are speculative and entail substantial risks. Clients and their underlying investors should be prepared to bear a substantial loss of any invested capital. There can be no assurance that the investment objectives of any Client will be achieved.

1. Credit Opportunity Funds

The Investment Adviser's principal objective for the Credit Opportunity Funds is to produce attractive risk-adjusted returns by capitalizing on distressed, stressed, special situation and event-driven value opportunities across the capital structure.

The Investment Adviser seeks to achieve this objective by focusing on companies undergoing bankruptcy, restructuring or reorganization and selecting securities senior in the capital structure and/or securities that may prove to be the fulcrum security in a restructuring process. The Investment Adviser also pursues investments in event-driven and non-distressed securities selling for less than their intrinsic value due to market illiquidity and/or a lack of access to capital in the financial markets. The Investment Adviser has a highly disciplined, fundamental research-intensive approach to investing, where downside risk assessment is central to each investment decision. Furthermore, the Investment Adviser's investment philosophy is opportunistic. The Investment Adviser has a flexible mandate that allows it to invest in (including selling short) all types of financial instruments across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities and equities, in addition to more infrequent use of credit default swaps and equity options. It may invest in complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits.

For purposes of value realization, the Investment Adviser has a medium-to-long-term horizon and has the patience to take a passive approach and allow for the market to correct the perceived price-to-value gap, either after the occurrence of an event or the passing of time. In addition, the Investment Adviser will play an active role in both protecting and realizing the value of their investments if and when appropriate. The Investment Adviser focuses on finding the areas of corporate capital structures that present the most attractive risk-adjusted returns on a situation-specific basis, and with a concentration in assets that are mispriced on an absolute basis.

While the Investment Adviser deploys an opportunistic value approach to investing, the types of investments in which it will participate broadly fit, without limitation, within the following categories: stressed fixed income securities; distressed debt; hybrid

securities; liquidation claims; private loans or securities; special situation equities; value equity; selective shorts and real estate.

2. Energy Partners Fund

The Investment Adviser's principal objective for the Energy Partners Fund is to create attractive absolute returns by investing in securities of companies across the energy value chain. The Investment Adviser's approach is to seek situations in which there is a significant disconnect between the market price and the intrinsic value of a security. The Investment Adviser takes a bottom-up, opportunistic approach to finding such situations and will invest throughout the capital structure when it believes that there is an asymmetric risk-reward opportunity. Among other securities, the Investment Adviser invests in common and preferred equity of public companies, special situations including private investments, secured and unsecured debt, convertible instruments, options, market futures, exchange-traded funds and master limited partnerships on behalf of the Energy Partners Fund. The Investment Adviser focuses on investments across the energy value chain, including (without limitation) oil and gas (upstream, midstream and downstream), oil services, engineering and construction, power and utilities, alternative energy, agriculture, chemicals, industrials, coal, water, basic and precious metals, transportation and companies that are engaged in the supply chain of certain energy markets. In terms of investment horizon, the Investment Adviser intends to invest in long investments that are anticipated to reach the target objective in one to three years. During that holding period, the Investment Adviser will monitor the investment and the Energy Partners Fund's portfolio, assess position sizing and adjust the position as it deems appropriate. If a stock reaches the Investment Adviser's price objective in a shorter time frame or there is a "thesis break" on the original investment rationale, the Investment Adviser may sell all or a portion of the investment as it deems appropriate. On the short side, the Investment Adviser is more short-term oriented with a general time horizon of three to six months.

While the Investment Adviser deploys an opportunistic value approach to investing in energy securities, the types of investments it generally seeks to make on behalf of the Energy Partners Fund can be broadly described by the following categories: common and preferred equity; options; private debt and equity; mispriced debt; commodity hedges; currency hedges; market and sector hedges and stock specific shorts.

3. European Opportunity Funds

The Investment Adviser's and its affiliated sub-adviser's principal objective for the European Opportunity Funds is to produce attractive risk-adjusted returns by capitalizing on mispriced investment opportunities in Europe. The Investment Adviser, either directly or indirectly through an affiliated sub-adviser, seeks to achieve this objective by purchasing securities at a significant discount to appraised value. The Investment Adviser has a highly disciplined, fundamental research-intensive approach to investing, where downside risk assessment is central to each investment decision. Furthermore, the Investment Adviser's investment philosophy is opportunistic. The Investment Adviser has a flexible mandate that allows it to invest in securities across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities and equities, in addition to more infrequent use of credit default swaps and equity options on behalf of the European Opportunity Funds. The Investment Adviser invests in complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits. The Investment Adviser focuses primarily on

making investments in European issuers and situations, but can and may seek investments across all markets globally, including, without limitation, the United States, Canada, Australia and Asia. In terms of value realization, the Investment Adviser has a medium to long term horizon and has the patience to take a passive approach and allow for the market to correct the price-to-value gap, either after the realization of an event or the passing of time. In addition, the Investment Adviser will play an active role in both protecting and realizing the value of their investments if and when appropriate.

While the Investment Adviser, either directly or indirectly through an affiliated sub-adviser, deploys an opportunistic value approach to investing in European securities, the types of investments it typically seeks to make on behalf of the European Opportunity Funds can be broadly described by the following categories: stressed fixed income securities; distressed debt; liquidation claims; special situation equities; value equity; selective shorts; and private securities.

4. Torchlight

The Investment Adviser's principal objective for Torchlight is to produce attractive returns over the long term without excessive risk. The Investment Adviser seeks to achieve this objective by purchasing financial instruments at a perceived significant discount to their current liquidation value that are expected to generate significant internal rates of return over time. The Investment Adviser has a highly disciplined, fundamental and research-intensive approach to investing, where qualitative and quantitative risk assessment is central to each investment decision.

The Investment Adviser's investment philosophy is opportunistic and eclectic. Torchlight's flexible mandate, which is broadly diversified and not limited to any particular strategy or asset class and is global in scope, allows the Investment Adviser to invest in (including selling short) all types of financial instruments and to participate in other potentially profitable opportunities. At any given time, Torchlight's assets could be concentrated in financial instruments or asset classes that the Investment Adviser believes offer an optimal opportunity for capital appreciation. The Investment Adviser often seeks to invest in complex and misunderstood situations involving financial restructurings, distressed debt, litigation and corporate reorganizations, in addition to undervalued equities of well-managed companies. The Investment Adviser maintains an active dialogue with management teams and other investors and regularly expresses its views and ideas about corporate strategy and shareholder value maximization. The Investment Adviser may also invest capital in instruments reflecting a macroeconomic viewpoint, usually as a hedging tool. The Investment Adviser can and does seek investments across all markets globally, but has historically focused on opportunities within the United States.

Holding periods vary by investment and market conditions. Generally, the Investment Adviser has a medium-to-long-term horizon and has the patience to allow for markets to correct the price-to-value gap, either after the realization of an event or the compounding of value over time. At the same time, if a value realization event happens in the shorter term, or if the Investment Adviser determines that a thesis is no longer valid, an investment will be liquidated in a much shorter timeframe.

While the Investment Adviser deploys an opportunistic value approach to investing, its investments generally can, without limitation, be characterized into the following

categories: public equity; stressed fixed income securities; distressed debt; liquidation claims; options; mispriced debt; currency hedges; market and sector hedges; special situation equities; selective short sales and private investments.

5. India Funds

The principal objective of the India Funds is to produce superior risk-adjusted returns through investments in, or in instruments related to, a selection of companies that: are organized under the laws of India; have securities that are traded principally on any Indian stock exchange or in the Indian over-the-counter market; or are located outside of India and sell goods or services into India or otherwise have the potential to benefit from access to Indian operations, markets, technologies, workforce or other capabilities. The India Funds have a flexible mandate that allows them to invest and trade in a variety of instruments and they will maintain a long-term focus with a strong emphasis on capital preservation.

The Investment Adviser and its affiliate to which it provides sub-advisory services believe that the current economic climate in India presents an attractive investment opportunity to achieve substantial long-term capital appreciation. This belief is based on a number of factors including: India's standing as one of the world's largest and most rapidly growing economies; the size, age, education, experience and skill level of India's workforce, particularly its significant number of scientists, engineers and technicians; India's position as one of the world's leading exporters of business process outsourcing and other services and products; the expected continued strong growth of India's domestic market for goods and services; the size, cost advantages and diversity of India's manufacturing capabilities; India's strategic location within and access to other Asian markets; the large number of under-managed and/or under-financed Indian companies; the attractive valuations of many Indian public companies; the recent rapid decrease in telecommunications costs between India and the developed world; and the fact that the predominant language for business and government in India is English.

During periods in which the adviser believes changes in economic, financial or political conditions make it advisable, the India Funds may invest some or all of its assets in certain debt securities or hold cash. In addition to securities that the India Funds are permitted to own in accordance with their investment objectives, during these periods the India Funds may also invest in: obligations of the United States or India, their respective agencies or instrumentalities; bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. or Indian banks denominated in any currency; floating rate securities and other instruments denominated in any currency issued by international development agencies; finance company and corporate commercial paper and other short-term corporate debt obligations of U.S. and Indian Companies; and repurchase agreements with banks and broker-dealers with respect to such securities.

6. Co-investment Opportunities

From time to time the Investment Adviser will have identified an investment opportunity that, in the Investment Adviser's sole discretion, exceeds the amount appropriately allocated to one or more of the Funds under the Funds' respective investment strategies or otherwise falls outside of the Funds' investment mandate or was sourced by an investment team employed by MSD Capital, among other things. In such cases, the General Partner or one of its affiliates may, in its sole discretion, provide one or more investors with the opportunity to

co-invest (other than in their capacity as investors in the Funds), subject to such timing and other conditions as the General Partner or one or more of its affiliates may, in their sole discretion, impose. Any such co-investment may, if the General Partner or one of its affiliates so require, be made through one or more investment partnerships or other vehicles (each, a “Co-Investment Fund”) formed to facilitate such co-investment. Any offer to participate in a Co-Investment Fund may be made to such investors and/or such other persons in such proportions and on such terms as the General Partner or one of its affiliates shall determine in their sole discretion.

Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis. Clients or prospective investors should refer to the relevant Fund’s Offering Documents for a more fulsome disclosure of the potential risks of an investment in any particular Fund, including a description of each of its respective risk factors. In addition, as the Funds’ respective strategies develop and evolve over time, an investment in a particular Fund may be subject to additional and different risk factors than those set forth below.

- General Economic and Market Conditions
- Current Market Conditions and Governmental Actions
- Less Liquid Instruments
- Limited Diversification and Risk Management Failures
- Risks Associated with Bankruptcy Cases
- General Real Estate Risks
- Troubled Origination
- Highly Volatile Markets
- Leverage and Borrowing Risks
- Systemic Risk
- Short Selling
- Loans of Portfolio Securities
- Hedging Transactions
- Necessity for Counterparty Trading Relationships; Counterparty Risk
- Fraud Risk
- Co-Investments with Third Parties
- Trading Decisions Based on Fundamental and Other Analysis
- Position Limits
- Limitations Due to Regulatory Restrictions
- Competition; Availability of Investments
- Commodity Price Volatility Risk
- Supply and Demand Risk
- Depletion Risk
- Regulatory Risks Relating to the Energy Sector
- Catastrophic Event Risk
- Over-the-Counter Energy Transactions
- Strategy Drift

- Emerging Market Investment Risk
- European Investment Risk
- India Investment Risk

Risks Associated With Particular Types of Investment Instruments Utilized

MSD does not recommend a particular type of investment instrument to its Clients, but rather, recommends and invests in multiple investment instruments to correspond with the particular investment strategy a given Fund employs. Given the broad discretion MSD has in managing the Funds, below is a representative sample of the types of instruments (and corresponding risks) it may utilize and/or incur on behalf of any given Client.

- Investments in Undervalued Securities
- Non-U.S. Investments
- Small and Medium Capitalization Companies
- Futures Contracts
- Forward Trading
- Call Options
- Put Options
- Stock Index Options
- Swap Agreements
- Equity Swaps
- Credit Default Swaps
- Repurchase and Reverse Repurchase Agreements
- Other Derivative Instruments
- Currency Exposure
- Fixed Income Securities
- Corporate Debt
- Investments in Distressed Issuers
- Stressed Debt
- Equity Risks
- Master Limited Partnership Risks
- Bank Loans
- Leveraged Loans
- Hung Loans
- Bridge Loans
- Mezzanine Debt Instruments
- Convertible Securities
- Investments in Unlisted Securities
- Equitable Subordination
- Private Investments
- High-Yield Instruments
- Zero-Coupon and Deferred Interest Bonds
- Future Funding Obligations
- Non-performing Nature of Debt
- Collateralized Obligations

All of these investment instruments are highly speculative in nature, and there can be no assurance that the Client's investment objectives will be achieved. MSD's Clients (and, in turn, the underlying investors in such Clients) must be prepared to bear the risk of a total loss of their investment.

More detailed information about the types of investments that the Investment Adviser may make on behalf of the Funds, and the corresponding risks, is provided in the relevant Fund's Offering Documents. Again, as the Funds' respective strategies develop and evolve over time, an investment in a particular Fund may be subject to additional and different risk factors than those described herein.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

While the Funds may trade commodity futures and/or commodity options contracts, the Fund's General Partner or Investment Manager, as the case may be, has claimed an exemption from registration with the U.S. Commodity Futures Trading Commission ("CFTC") as a commodity pool operator ("CPO") pursuant to CFTC rule 4.13(a)(3). Therefore, unlike a registered CPO, the General Partner or the Investment Manager, as the case may be, is not required to deliver a CFTC disclosure document to prospective investors, nor is it required to provide investors with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

The General Partner or Investment Manager, as the case may be, qualifies for the exemption under CFTC rule 4.13(a)(3) with respect to the Funds on the basis that, among other things, at all times either (a) the aggregate initial margin and premiums required to establish commodity interest positions will not exceed five percent of the liquidation value of the Fund at issue; or (b) the aggregate net notional value of commodity interest positions will not exceed one hundred percent of the liquidation value of the Fund at issue.

The Investment Adviser has also availed itself of an exemption from registration with the CFTC as a commodity trading advisor.

Material Relationships or Arrangements with Industry Participants

The Investment Adviser is affiliated with the Funds and the Fund's General Partners as described above. Additionally, the Investment Adviser shares certain personnel with MSD Capital, a family office as defined under rule 202(a)(11)(G)-1 of the Investment Advisers Act of 1940, as amended.

With respect to those personnel who either provide services both to MSD and MSD Capital or to multiple MSD Clients, such personnel may have a conflict in allocating their time and services to and among MSD's Clients. MSD personnel will devote as much time to each of its Clients as the Investment Adviser deems appropriate to perform the duties set forth in its various investment management agreements. Moreover, the Investment Adviser may and will on occasion utilize third-parties that employ friends or family members of the Investment Adviser or MSD Capital personnel, including individuals who have personal relationships with those who perform tax, accounting, legal or other professional services on behalf of both the Investment Adviser and the Funds and may benefit, directly or indirectly, from such business relationships. In each such case the Investment Adviser will seek to hire such third-parties on their merit and not based on any relationship that personnel have with any such service provider.

The Investment Adviser and MSD Capital pursue several different investment strategies, each of which are managed by separate investment teams (each such strategy is referred to herein as an "Account"). The Investment Adviser's investment teams, on the one hand, and MSD Capital's investment teams, on the other hand, pursue different investment strategies, operate separately from one another and make investment decisions independently

from one another. However, the investment professionals of the Investment Adviser and MSD Capital have regular formal and informal communications. There are times when Accounts managed by MSD Capital and Accounts managed by the Investment Adviser may seek to make the same investment, including as a result of independent investigation by the various investment teams managing the Accounts or when two or more teams work in conjunction with one another to pursue an opportunity, including (without limitation) when an investment opportunity is deemed to be too large for one Account to pursue on its own.

In certain circumstances, regulatory or policy restrictions imposed on significant investors in the Funds may cause a Fund to be prohibited from participating in an investment that the Investment Adviser would otherwise seek to make on behalf of a given Fund, including (without limitation) participating in new issue offerings.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

Code of Ethics

MSD has adopted a code of conduct and personal investment policies in furtherance of our commitment to comply with applicable laws and the standards of business conduct (the “Code”). The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust.

The Code places restrictions on personal trading by employees, including that they disclose their personal securities holdings and transactions in their “Covered Accounts” (as defined in the Code) on a periodic basis, and requires that they pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Investment Adviser’s employees may not engage in personal equity or debt securities trading and may only dispose of such legacy positions with pre-clearance. The Investment Adviser’s employees are permitted to purchase and sell a narrowly defined universe of instruments without pre-clearance (e.g., mutual funds, money market funds, certificates of deposit, Treasury securities, co-op securities, open-end funds) and broad-based exchange-traded funds and private investments with pre-clearance. Some Clients may invest in the same or similar mutual funds and ETFs.

MSD has also adopted policies and procedures intended to prevent employees from being unduly influenced in their decisions by the receipt of gifts or other inducements from third parties, such as brokers, trading counterparties or vendors. Employees are required to seek approval to keep certain business gifts, and are required to seek pre-approval to give certain types of business gifts. In addition, MSD’s policies set forth standards for receiving and providing business entertainment from or to certain third-parties, using social media for business purposes and interacting with the government, among other things.

Clients or investors may review a copy of the Code by contacting MSD at the address or telephone number listed on the first page of this document.

Securities in which the Investment Adviser or a Related Person Has a Material Financial Interest

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for certain Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and periodic monitoring of employee trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

In addition, MSD personnel may have a direct or indirect pecuniary interest in a Client as a result of (i) direct investments in that Client or (ii) ownership interests in MSD affiliates that are entitled to receive Management Fees and/or Incentive Allocation from a Client.

Cross Trades and Principal Transactions

The Investment Adviser may determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each Client involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third-party that has appropriate experience in providing such valuations.

Conflicts of Interest Created by Contemporaneous Trading

The Investment Adviser manages investments on behalf of a number of Clients. Certain Clients have investment programs that are similar or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all Clients fairly, to the extent practical and in accordance with each Client’s applicable investment strategies, over a period of time. The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any other Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for a particular Client or the investment opportunity is otherwise limited in nature.

In addition, MSD Clients or an MSD and MSD Capital Account may invest in different parts of the capital structure of the same company. For example, a Fund may invest in debt securities issued by a company in which another Fund has an equity interest. In such a situation, the interests of the two Funds may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of a conflict of interest. Actions taken for the benefit of one Fund may be adverse to the other Fund. For example, a Fund could have an interest in a company pursuing an acquisition that would increase indebtedness but, in MSD’s view, would ultimately enhance the value of the Fund’s investment; however, such a view would subject debt investments made by another Fund to additional or increased risk.

In addition, the Investment Adviser may recommend investments to or purchase securities for the account of one Client that may differ from investments recommended or bought for other Clients, even though the investment objectives of the Clients involved may be similar or even identical. Moreover, MSD's Clients (or MSD personnel) may make investments or engage in other activities that express inconsistent views with respect to an entity in which they have invested, a particular security or relevant market conditions. For example, the Investment Adviser may purchase a particular security for one Client and sell it short for another Client. Finally, MSD expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment of other Clients. By way of example, MSD may choose not to hedge certain risks it hedges on behalf of other Clients.

In some instances, however, as noted earlier, the Investment Adviser may (and often does) choose to coordinate its activities with respect to investments held by more than one Client. Such coordination could have the effect of either raising or lowering the returns with respect to an investment relative to what might have been achieved absent such coordination. The Investment Adviser is not obligated to engage in such coordination and, in fact, may elect not to do so in any particular circumstance in its sole discretion.

ITEM 12 BROKERAGE PRACTICES

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the counterparties used to execute such transactions, including full service brokers, dealers, market makers, electronic communication networks or any emerging trading technologies/solutions that may be available in the future, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures, each Fund's investment guidelines and the duty to seek best execution for its Clients.

Best execution is not purely a function of price and commission level, but rather, represents the best qualitative execution under the circumstances. The Investment Adviser's selection of a counterparty (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, any of the following: the comfort with the counterparty, the counterparty's market familiarity/expertise, the counterparty's reliability/responsiveness, the counterparty's integrity, the quality of the counterparty's execution, the counterparty's research capability, the financial condition and creditworthiness of the counterparty, diversification of counterparty risk, assessment of jurisdiction and bankruptcy laws governing the entity that holds the Funds' assets, financing terms, including length of commitment and amount and availability of financing, operational capabilities, ability of the counterparty to obtain the best overall price for a transaction, commission, mark-ups, mark-downs or spreads associated with a particular transaction, counterparty's market access, the counterparty's experience with or expertise in high volume transactions, counterparty's willingness to commit its own capital and other factors deemed appropriate. It is understood that different factors will have different levels of importance with each order, as each order is unique. Moreover, best execution is not necessarily measured by the circumstances surrounding a single transaction but may be measured over time.

The commission rates (or dealer markups and markdowns) charged to the Funds by counterparties in the foregoing circumstances may be higher than those charged by other counterparties who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Funds separately compensate any broker or dealer for any of the other services that they provide to the Investment Adviser or the Funds, although it may choose to do so in any given circumstance for relationship or regulatory reasons, among other things.

In addition, in the ordinary course of business, the Investment Adviser may and will utilize broker-dealers, or enter into joint ventures or other counterparty relationships with entities, that employ friends or family members of the Investment Adviser or MSD Capital personnel, including individuals who have personal relationships with those who make investment or execution decisions on behalf of the Investment Adviser's Clients and may benefit, directly or indirectly, from such brokerage business or other business relationships.

Research and Other Soft Dollar Benefits

The Investment Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by one or more Funds may be used by the Investment Adviser to service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. The Investment Adviser allocates soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and/or brokerage, on the one hand, and non-research/non-brokerage assistance to the Investment Adviser, on the other hand (*i.e.*, a “mixed use” item), the Investment Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Adviser’s allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit the Funds.

When the Investment Adviser uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Investment Adviser receives a benefit because it does not have to produce or pay for such products or services. The Investment Adviser may have an incentive to select or recommend a broker-dealer based on the Investment Adviser’s interest in receiving research or other products or services, rather than on its Clients’ interest in receiving most favorable execution.

Within the last fiscal year of the Investment Adviser, the Investment Adviser or its related persons acquired the following types of products and services with client brokerage commissions (or markups or markdowns):

- Data services, such as those providing stock quotes, last sales price and trading volumes;
- Research reports and brokerage analyst’s earnings estimates;
- Discussions with consultants and research analysts who have particular insight into a sector, industry or company in which the Investment Adviser has an interest.
- Discussions with research analysts and meetings with corporate executives to obtain oral reports on company performance; and
- Order management system that provides connectivity service between the money manager and sell-side firms (including broker-dealers, ECNs and other execution platforms) for trade execution, settlement and commission management.

In addition, the Investment Adviser utilizes Commission Sharing Arrangements (“CSA”) to obtain research that falls within Section 28(e) of the Exchange Act’s safe harbor.

Under these types of arrangements, the Investment Adviser requests that executing brokers allocate a portion of total commissions paid to a pool of “credits” maintained by a broker-dealer that can then be used to obtain 28(e) eligible services. After accumulating a number of credits within the pool, the Investment Adviser subsequently directs that those credits be used to pay appropriate parties in return for eligible research and/or brokerage services. The research obtained by the Investment Adviser in connection with a Fund’s commission credits often is but may not always be used exclusively for the Fund generating the brokerage credit.

The Investment Adviser periodically considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the Funds’ brokerage business on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services that they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Investment Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. However, the Investment Adviser may, in its sole discretion, elect to pay a broker-dealer with soft dollar credits or cash in recognition of the value of the research services provided where the level of brokerage activity with that broker-dealer is below the Investment Manager’s perceived value of the services that the broker-dealer has provided to the Funds. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokerage for Client Referrals

Neither the Investment Adviser nor any related person receives Client referrals from any broker-dealer or third party.

From time to time, the Investment Adviser or the Funds it advises, are introduced to potential investors by its prime brokers and may receive other benefits from its prime brokers. In addition, the Investment Adviser may occasionally receive similar benefits from other broker-dealers or counterparties it transacts with from time to time. Currently, neither the Investment Adviser nor its Clients compensate such third-party brokers (other than as described in Item 14 below) for introducing the Investment Adviser or its Clients to any potential investors. Such introductions and other products or services that the Investment Adviser may receive can present a potential conflict of interest to the extent that the Investment Adviser uses such brokers in connection with brokerage or other activities on behalf of its Clients.

The Investment Adviser does not recommend, request or require that a Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

Order Aggregation

From time to time, MSD may aggregate trade orders (buys and sells) across the Funds and MSD Capital Accounts. Orders are aggregated consistent with the Investment Adviser’s duty to seek best execution for the Funds participating in the transaction. Orders for the same security may be aggregated at the “Portfolio Manager” level for a Client (*i.e.*, the

senior personnel responsible for making investment decisions on behalf of such Client) or at the trading desk level: Portfolio Managers managing multiple Funds in the same strategy or seeking to collaborate across investment strategies must provide to the trading desk the trade allocation prior to the execution of the trade; and, if the trading desk receives trade orders from different Portfolio Managers for the same security, the trader may aggregate the trade orders when aggregation would result in a more favorable trade execution as required by the procedures described below.

In such an instance, trade orders received at or around the same time and on the same terms (*i.e.*, market vs. limit order) will generally be aggregated in line with MSD's best execution policy. Each Fund that participates in an aggregated order will receive the average execution price and will share the transaction costs *pro rata* based on each Fund's participation in the transaction. If the aggregated order is partially filled, it will be allocated among the participating Funds *pro rata* based on the initial order size, subject to the exceptions listed below.

In certain instances, however, it may not be practical for the Firm to allocate a partially filled order *pro rata*. By way of example, if a *pro rata* allocation would result in Funds receiving "odd-lot" positions, the traders will round up allocations to the nearest lot size to avoid odd-lot positions. Similarly, when the partial fill received would result in a *de minimis* amount of securities allocated to a Fund (vis-à-vis execution costs and lot sizes), then a particular Fund may receive all of the allocation. Ultimately, securities may be allocated among the different Funds and/or Accounts on a basis that the Investment Adviser or its affiliates and MSD Capital consider equitable.

Trade Allocation

It is MSD's policy to treat every Client fairly and equitably in the allocation of investment opportunities and trades over time, but there can be no assurance that any Client will participate in any particular investment opportunity on an equal or *pro rata* basis with other Clients. Indeed, fair and equitable treatment does not mean that MSD must treat each Fund identically. However, it does mean that no Fund for which MSD has investment discretion should receive preferential treatment over any other Fund over an extended period of time.

MSD seeks to manage each Fund in a manner that is consistent with the Fund's best interests. MSD must balance the interests of each Fund in allocating investment opportunities and trades. The Portfolio Managers for each Client are responsible for selecting investments on behalf of the respective Funds and/or Accounts that they manage based on the investment strategies and needs of each Fund and/or Account. When determining whether an investment opportunity is applicable to more than one Fund and/or Account, the Portfolio Managers will consider the following factors ("Investment Factors"), among others, which may result in allocations of certain investments on an other than *pro rata* basis:

- *Suitability*: investment objectives and strategies of the Fund, including the risk appetite, tolerance, and/or capacity of the Fund;
- *Position Sizing*: allocations effected to reach portfolio managers' target position size (*e.g.*, allocated so that each participating Fund reaches the same position size as an approximate percentage of its portfolio or an approximate percentage of an issuer,

industry, sector or country) or when “rebalancing” such percentages due to withdrawals and/or subscriptions;

- *Fund specific restrictions*: tax restrictions (e.g., Effectively Connected Income constraints), offering memorandum restrictions, side letters, investment agreements and any restrictions placed on the Fund by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974);
- *Fund Composition*: position sizing as well as industry, sector and country weightings and exposure considerations/concentration;
- *Opportunity*: current market conditions and capacity for the opportunity, nature of the security to be allocated as well as transaction terms (e.g., execution opportunities and costs);
- *Origination Underwriting*: when an investment opportunity has limited capacity, it may be allocated to the Fund(s) of the portfolio manager(s) who was/were instrumental in developing, or negotiating or underwriting the investment opportunity;
- *Cash*: available capital including funding limitations, Fund liquidity and expected cash flows; and
- Any other information determined to be relevant to the fair allocation of an investment opportunity in a particular instance.

Due to the differences in the applicability of Investment Factors to each Fund and/or Account, there may be differences in the invested positions and securities held between Funds within the same investment strategy. As noted earlier, MSD is not obligated to purchase or sell an investment instrument or provide an investment opportunity to a Fund because MSD purchases or sells the same investment instrument for or provides an opportunity to another Fund if, in its reasonable opinion, the transaction does not appear to be suitable, practical or desirable for the Fund.

When managing multiple Funds within the same strategy and/or when collaborating with other Portfolio Managers on investment opportunities across strategies, once a decision to invest in a particular exchange-traded or other liquid security for more than one Fund has been made, the Investment Adviser will generally allocate the investment opportunity to participating and/or eligible Funds in *pro rata* amounts based on order size. In certain instances, *pro rata* allocations may not be feasible (e.g., limited available cash, ECI constraints) or *pro rata* allocations may not be in the best interest of one or more Funds (e.g., current (small) size of expected, available allocation). If a *pro rata* allocation is not used, an investment opportunity may be allocated to the Fund(s) of the Portfolio Manager(s) who was/were instrumental in developing, negotiating or underwriting the investment opportunity, in a manner to allow each participating Fund to reach a target percentage position or in accordance with an investment strategy decision, among other considerations.

Furthermore, as mentioned in Item 10, there are times when an Account managed by MSD Capital may seek to make the same investment, including, without limitation, as a result of independent investigation by the investment teams managing the MSD Funds and the MSD Capital Accounts or when such teams work in conjunction with one another to pursue an opportunity that is too large for the Funds or the MSD Capital Accounts to pursue on its own. Accordingly, one or more Fund and one or more MSD Capital Account may seek similar investment opportunities. When it is determined that it would be appropriate

for one or more Fund and one or more MSD Capital Account to participate in the same investment opportunity, the investment again will be allocated on an equitable basis. However, in this context, “equitable basis” should be defined as a basis that would not prejudice the interest of the Funds in favor of the interests of the MSD Capital Accounts. As a result, while all of the allocation factors outlined above are important to the analysis, some of the most important factors include the relative role each Fund and MSD Capital Account played in the origination and diligence of the investment or the negotiation and structuring of the investment opportunity. For example, if a Fund is solely responsible for the research on a particular company and arrives at an investment decision without the input of any other investment group, then generally that Fund should have priority in building and trading its position. However, if a Fund’s investment team relies heavily on the expertise of an MSD Capital investment team in arriving at its investment decision, the most equitable basis to allocate that investment may well be *pro rata*. Because of the inherent potential for conflicts when the Firm and MSD Capital are involved in the same investment, and the facts and circumstances analysis that is required to properly understand the origin and maintenance of an investment idea, such situations are not conducive to a bright line rule on allocation.

Trade Errors

MSD may, on occasion, commit “trade errors” with respect to trades made on behalf of its Clients. “Trade Errors” include instances when the trading desk: (i) purchases or sells the wrong instrument, (ii) purchases or sells the wrong quantity of an instrument, (iii) purchases an instrument when the order was to sell (or vice versa), or (iv) purchases or sells an instrument in violation of a regulatory or contractual obligation. However, if a set of facts surrounding a trade only results in a clerical error in recordkeeping, or if it does not result in an actual transaction in Fund accounts (such as transactions that result in loss of an investment opportunity), it ordinarily should not be treated as a Trade Error.

When MSD becomes aware of a trading error, it will work on rectifying the issue in an expeditious fashion. To the extent the trade error was caused by a third-party, such as a broker, MSD will ordinarily seek to have the third-party correct the error and/or cover any losses associated with the Trade Error, but may choose not to do so in its sole discretion. In such cases, provided such third-party was retained or engaged by MSD in good faith, it will not be liable for such losses.

Trade errors often result in losses, but may occasionally result in gains. Losses caused by trade errors committed by MSD personnel will ordinarily be borne by the Funds, except for those errors attributable to MSD’s bad faith, gross negligence, wilful misconduct or fraud, which would then be borne by the Investment Manager. Any gains resulting from such errors will be retained by the affected Fund(s). The evaluation of the standard of care exercised in committing a trade error will be performed by MSD, in its sole discretion -- discretion that may present a conflict in making such a determination.

ITEM 13

REVIEW OF ACCOUNTS

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each Client's portfolio. Such reviews are conducted in the ordinary course by the members of the Investment Adviser's management team, Portfolio Managers and analysts, and accounting and compliance personnel.

A review of a Client account may also be triggered by any unusual activity or special circumstances.

Investors in the Funds typically receive monthly account statements (from the Fund's administrator), quarterly unaudited performance information and a copy of the audited financial statements of the relevant Fund within 120 days after the fiscal year end of a Fund. In addition, monthly reports setting forth performance and portfolio data, including an analysis of portfolio exposure, may be provided to investors. The Investment Adviser may, from time to time, provide additional information relating to the Funds to one or more investors in connection with a request from a particular investor or as it otherwise deems appropriate.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

The Investment Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals. However, the Investment Adviser has entered into a placement agreement with AGAVE Partners Holdings, Peninsula Capital Pty. Ltd. and ARM Swiss Representatives SA (collectively, the “Placement Agents”) pursuant to which the Placement Agents have agreed to introduce potential non-U.S. investors to the Funds. Pursuant to the terms of the placement agreements, the Investment Adviser, not the Funds, will pay the Placement Agents a placement fee for each investor introduced to a Fund by the Placement Agents.

ITEM 15 CUSTODY

The Investment Adviser is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities by, for example, deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to the Investment Adviser.

As such, the Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

The Investment Adviser serves as the management company or subadviser with discretionary trading authority to each Fund.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in their respective Offering Documents.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, MSD has implemented proxy voting policies and procedures, a summary of which is set forth below.

The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”) in a prudent and diligent manner that will serve the applicable Client’s best interests and is in line with each Client’s investment objectives.

The Investment Adviser may take into account all relevant factors, as determined by the Investment Adviser in its discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

It is also worth noting that, while voting on all issues presented should be considered, voting on all issues is *not* required. MSD may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote in the event that it determines that abstaining or not voting is in the best interests of the Fund or otherwise believes that casting a vote in a particular instance is not relevant to its Client’s investment objectives.

In order to facilitate the proxy voting process, the Firm has engaged an independent third-party proxy voting service (the “Proxy Service”) to assemble and vote proxies for the Funds on the Firm’s behalf (which will itself necessarily involve procedures other than those described herein). The Proxy Service assembles the proxies for which the Firm’s Clients have voting rights and provides the Firm with proxy analysis and voting recommendations and reports indicating how individual votes are ultimately cast.

Clients may obtain information about how we voted proxies for securities in their accounts or obtain a copy of our written proxy voting policy upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.