

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

ATERIAN INVESTMENT MANAGEMENT, LP

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Aterian Investment Management, LP (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (212) 547-2810. 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 authority.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

Aterian Investment Management, LP filed its most recent Form ADV Part 2 on March 31, 2015. This annual amendment updates the description of certain business practices of Aterian Investment Management, LP and its affiliates.

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ADVISORY BUSINESS

Aterian Investment Management, LP (the “**Management Company**”), the registered investment adviser, is a Delaware limited partnership. The Management Company commenced business operations in August 2013. The Management Company and its affiliated general partners, Aterian Investment Partners, LP and Aterian Investment Partners GP II, LP (each, a “**General Partner**”), and its relying adviser Aterian Investment Advisors, LLC (the “**Relying Adviser**” and together with each General Partner, the Management Company and their affiliated entities, “**Aterian**”), are also registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the Relying Adviser and General Partners, which operate as a single advisory business together with the Management Company.

Aterian provides discretionary investment advisory services to its clients, which consist of private investment-related funds. Aterian’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which Aterian provides investment advisory services, “**Funds**”):

- Aterian Investment Partners Distressed Opportunities, L.P.
- Aterian Co-Invest I, L.P.
- Aterian Investment Partners II, LP (“**Fund II**”)

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” Aterian’s investment advisory services to Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Aterian may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by Funds.

Aterian’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”), investment management agreement (the “**Management Agreement**”), limited partnership agreements (each, a “**Limited Partnership Agreement**” and together with the Memorandum and the Management Agreement, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or Aterian may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund’s Governing Documents, including provisions relating to the Management Fee (as defined below), if any, and distributions.

Additionally, from time to time, Aterian may provide (or agree to provide) certain investors or other persons, including Aterian's personnel and or certain other persons associated with Aterian and/or its affiliates (to the extent not prohibited by the applicable Limited Partnership Agreement), co-investment opportunities (including the opportunity to participate in co-invest vehicles) to invest in certain portfolio companies alongside a Fund. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment, subject to certain exceptions set forth in the Governing Documents of such Fund. However, from time to time, for strategic and/or other reasons, a co-investor (or co-invest vehicle) may purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investor (or co-invest vehicle) generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, and the co-investor (or co-invest vehicle) may be charged interest on the purchase to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2014, Aterian managed \$371,490,003 in client assets on a discretionary basis. The Management Company is principally owned by Brandon Bethea, Michael Fieldstone and Christopher Thomas.

FEES AND COMPENSATION

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation or expenses that other Funds charge. The Limited Partnership Agreements of the Funds describe fees, compensation and expenses in greater detail.

In general, Aterian receives a management fee and/or a carried interest in connection with its advisory services, as further described below. Aterian and/or its affiliates may also receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation may offset in whole or in part the Management Fees (as defined below), if any, otherwise payable to Aterian, as described in the applicable Governing Documents. Investors in the Funds also bear certain fund expenses, as described below.

Management Fees

For Fund II, during the Fund's investment period, the Fund generally will pay Aterian an annual management fee (the "**Management Fee**") equal to 2% of aggregate investor capital commitments. Payment of the Management Fee will be made quarterly in advance. Generally, investors participating in a closing after the initial closing of Fund II bear the Management Fee from the date of the initial closing of the Fund, plus interest, as applicable. The Management Fee for Fund II may be reduced upon the expiration of the investment period or earlier upon the occurrence of certain other events as described in the applicable Governing Documents. Aterian Investment Partners Distressed Opportunities, L.P. does not pay a management fee, but Aterian maintains the right to call capital from investors to cover certain operating costs as further described in the Fund's Limited Partnership Agreement. Aterian has the right to charge Aterian

Co-Invest I, L.P. a management fee based on funded commitments as further described in such Fund's Limited Partnership Agreement.

As further described in Fund II's Governing Documents, the Management Fee for Fund II generally will be reduced by a specified percentage of the Fund's share of any: (i) directors' fees, financial consulting fees or advisory fees paid to Aterian with respect to any Fund II investment; (ii) transaction fees paid to Aterian with respect to any Fund II investment; and (iii) break-up fees with respect to Fund II transactions not completed that are paid to Aterian.

Generally, except in the case of Aterian Co-Invest I, L.P., the Management Fee, if any, for a Fund will commence as of the date of such Fund's initial closing, regardless of when a limited partner is actually admitted. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Carried Interest

For Fund II, the General Partner generally is entitled to a carried interest with respect to the Fund equal to 20% of all realized profits (subject to a specified, annually compounded preferred return with a related General Partner catch-up provision), as more fully described in the Governing Documents. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions. Aterian or an affiliate is entitled to a carried interest with respect to investments made by Aterian Investment Partners Distressed Opportunities, L.P. and Aterian Co-Invest I, L.P. Such carried interest varies from one deal to another.

Other Information

Aterian may exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Aterian and any other person designated by Aterian. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by Aterian and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Aterian professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant Limited Partnership Agreement, certain Advisers may have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the Funds and investors generally are not permitted to withdraw or redeem interests in the Funds.

Affiliates of Aterian, including principals and other employees, may receive a portion of the Management Fee, carried interest or other compensation received from a Fund and/or its portfolio companies.

In addition to the Management Fee, if any, and carried interest payable to the General Partner, each Fund generally bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund typically bears all expenses relating to the Fund's activities, investments and business to the extent not reimbursed by a portfolio company (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the structuring, organizing, acquiring, managing, monitoring, operating, holding, winding up, liquidating, dissolving and/or disposing of such portfolio company investments, including follow-on investments and refinancings) or applied to reduce transaction fees, including legal, auditing, consulting, financing, accounting, administration and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; certain regulatory related fees and expenses of the General Partner and the Management Company (including, without limitation, expenses of registration and operating as an investment adviser, such as attorneys fees and expenses related to ongoing compliance matters, SEC exams and proceedings and filings required by the Advisers Act and similar laws and regulations); certain costs and expenses paid to affiliates of the investor group that provided the seed capital for Aterian Investment Partners Distressed Opportunities, L.P. for certain back office, administrative and similar services; expenses incurred in connection with transactions not consummated; expenses of the Advisory Board (as defined below) and annual meetings of the limited partners and any other meeting with any limited partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices."

A General Partner may permit certain investors to co-invest in portfolio companies alongside one or more Funds. If a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, ultimately is not consummated, all expenses relating to such unconsummated transaction will be borne by the Fund(s), and not by any prospective co-investors, that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-invest or other vehicle in connection with such transaction, such vehicle may bear its share of such expenses.

Aterian and/or its affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under "Fees and Compensation," the General Partner generally receives a carried interest allocation on certain realized profits in the Funds. A carried interest allocation represents an investment adviser's compensation based on a percentage of net profits of the funds it manages. Aterian does not currently advise Funds not subject to a carried interest.

TYPES OF CLIENTS

Aterian provides investment advice to Funds. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act. The investors participating in Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of Aterian and its affiliates and members of their families or other service providers retained by Aterian.

The Funds generally have a minimum investment amount of \$5 million for third-party investors. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. The General Partner may waive such minimum investment amounts and qualification requirements.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Aterian seeks to invest primarily in underperforming middle market companies and build active, hands-on partnerships with management teams to create significant long-term value for all stakeholders. Aterian will generally focus on investing in turnarounds, distressed situations, restructurings, carve-outs, underperformers or other complex investment situations in middle market companies.

The following is a summary of the investment strategies and methods of analysis generally employed by Aterian on behalf of the Funds. *There can be no assurance that Aterian will achieve the investment objectives of the Funds and a loss of investment is possible.*

Investment and Operating Strategy

Aterian is a private equity firm focused on small-to-middle market businesses across a broad range of industries that are underperforming, turnarounds or otherwise unique situations. Aterian invests in businesses generating \$25 million to \$500 million in annual revenues with strong, proven franchises in need of up to \$50 million of capital. Aterian’s principals have extensive experience investing in complicated situations including corporate carve-outs, restructurings both in and out of bankruptcy, and strategic investments necessary to build and enhance value for all stakeholders. Aterian intends to invest its Funds in both control and non-control situations across the capital structure in addition to bridging the entire purchase price, providing sellers the upmost speed and certainty of closing.

Risks of Investment

The Funds and their investors bear the risk of loss that Aterian’s investment strategy entails. Although the following risk factors are generally applicable to Aterian’s Funds,

investors should also refer to a Fund's Memorandum for risk factors specific to their Fund. The risks involved with Aterian's investment strategy and an investment in the Funds include, but are not limited to:

Business Risks. Each Fund's investment portfolio will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of Aterian's prior investments is not necessarily indicative of a Fund's future results. While Aterian intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Investment in Junior Securities. The securities in which a Fund will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Concentration of Investments. The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the commitment period based on the entire amount of their commitments.

Dynamic Investment Strategy. While Aterian generally intends to seek attractive returns for a Fund primarily through making private equity investments as described herein, Aterian may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. Aterian may pursue investments outside of the industries and sectors in which Aterian has previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the General Partner) may exceed its

income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded commitments.

Leveraged Investments. The Funds may make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be tight at the time the Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Fund will invest generally will not be rated by a credit rating agency.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for the Funds' investments, and hence, most of the Funds' investments will be difficult to value. Certain investments may be distributed in kind to the partners.

Reliance on the General Partner and Portfolio Company Management. Control over the operation of the Funds will be vested with the General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of Aterian. The loss or reduction of service of one or more of the principals of Aterian could have an adverse effect on the Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although the General Partner will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Absence of Operating History. The Funds generally will have limited or no operating history and will be entirely dependent on the General Partner. There can be no assurance that the Funds' investments will achieve results similar to those attained by previous investments of principals of Aterian. In addition, the Funds' investments may differ from previous investments made by the principals of Aterian in a number of respects.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon information received from the company and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for the Fund to increase its participation in a successful portfolio company or the dilution of the Fund's ownership in a portfolio company if a third party invests in such portfolio company.

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Hedging Arrangements. The General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments.

There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates a registration or exemption obligation with the U.S. Commodity Futures Trading Commission or other regulator.

Non-controlling Investments. A Fund may hold meaningful minority stakes in privately held companies. In addition, during the process of exiting investments, a Fund at times may hold minority equity stakes of any size, such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Director Liability. A Fund may obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.

Uncertain Economic and Political Environment. The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which a Fund makes investments.

Market Conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the

United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

Conflicts of Interest

Aterian and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and portfolio companies. In the ordinary course of Aterian conducting its activities, the interests of a Fund may conflict with the interests of Aterian, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

During the commitment period of a Fund, Aterian generally pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions, as described in the applicable Governing Documents. However, Aterian may manage other investment funds and investments similar to those in which the Funds invest, and may direct certain relevant investment opportunities to those investment funds and investments. Aterian's investment staff will continue to manage and monitor such investment funds and investments. Aterian's significant investment in a Fund, as well as Aterian's interest in any Management Fee or carried interest with respect to such Fund, operate to align, to some extent, the interest of Aterian with the interest of the partners of such Fund, although Aterian may have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that Aterian may control may compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, Aterian may, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Aterian will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of Aterian. In determining which investment vehicles should participate in such investment opportunities, Aterian and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Aterian attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aterian's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among such entities in a fair and equitable manner. Where necessary, Aterian consults and receives consent to conflicts from an advisory board consisting of limited partners of the applicable Fund(s) and such other investment vehicles, if any.

Aterian may, in its sole discretion, provide or commit to provide co-investment opportunities to one or more limited partners of a Fund and/or other persons. Co-investment funds ("**Co-Invest Funds**") may be established in order to invest along side one or more other Funds, and Aterian may have limited discretion to invest the assets of these Co-Invest Funds

independent of the limitations set forth in the Limited Partnership Agreement of such Co-Invest Funds and the associated Fund. Participation in co-investment opportunities or Co-Invest Funds may be limited, including as may be set forth in a Fund's Governing Documents.

As a result of the Funds' controlling interests in portfolio companies, Aterian and/or its affiliates typically have the right to appoint board members to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Aterian and/or its affiliates. Such amounts will be in addition to any Management Fees or carried interest paid by a Fund to Aterian.

Additionally, a portfolio company typically will reimburse Aterian or service providers retained at Aterian's discretion for expenses (including without limitation travel expenses) incurred by Aterian or such service providers in connection with its performance of services for such portfolio company. This subjects Aterian and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements may be substantial. Aterian determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Aterian or such service providers generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Aterian generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) Aterian or a related person of Aterian (which may include a portfolio company of such Fund) or (ii) an entity with which Aterian or its affiliates or current or former members of their personnel has a relationship or from which Aterian or its affiliates or their personnel otherwise derives financial or other benefit. This subjects Aterian to conflicts of interest, because although Aterian selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Aterian may have an incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Aterian, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Aterian has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Aterian and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Aterian and/or its affiliates; conversely, former personnel or executives of Aterian and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Aterian. Similarly, Aterian, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions or other service providers,

some of which will invest (or be affiliated with an investor that invests) in, engage in transactions with and/or provide services (including services at reduced rates) to, Aterian and/or its affiliates and/or the Funds or other investment vehicles they advise. Aterian may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Aterian information about markets and industries in which Aterian operates (or is contemplating operations) or will provide other services that are beneficial to Aterian. Aterian may have a conflict of interest in making such recommendations, in that Aterian has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund. In addition, portfolio companies may from time to time pay certain fees to third party consultants (including consultants introduced or arranged by Aterian and/or its affiliates that may regularly provide services to one or more Fund portfolio companies), and such fees generally will not offset the Management Fee as described herein. Any of these situations may subject Aterian and/or its affiliates to potential conflicts of interest.

Because Aterian's carried interest is based on a percentage of net realized profits, it may create an incentive for Aterian to cause a Fund to make riskier or more speculative investments than would otherwise be the case; however, Aterian also believes that its carried interest operates to align substantially the interests of Aterian with those of the Funds. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Aterian may not otherwise have done so. Since the applicable General Partner is permitted to receive certain fees (as described under "Fees and Compensation") in connection with Fund investments, Aterian could have a conflict of interest in connection with approving transactions. Aterian manages such conflicts by offsetting the Management Fee, if any, by a specified percentage of such fees and by the General Partner's interest in the carried interest of a Fund.

Aterian may enter into side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects Aterian and/or its affiliates to potential conflicts of interest. Aterian attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Aterian's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Aterian will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Aterian consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund and such other investment vehicles.

DISCIPLINARY INFORMATION

Aterian and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described under “Advisory Business” above, the Management Company is affiliated with the General Partners and the Relying Adviser, which will each be registered with the SEC under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The General Partners and the Relying Adviser operate as a single advisory business together with the Management Company and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Certain owners or management persons of the Relying Adviser may be deemed to control the following registered investment advisers: Edge Principal Advisors, LLC, LS Power Equity Advisors, LLC, LSP Credit Advisors I, LLC and Luminus Management, LLC. Additional information about such advisers is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Aterian has adopted a Code of Ethics and Regulatory Compliance Manual (the “Code”), which sets forth standards of conduct that are expected of Aterian principals and employees and addresses certain conflicts that may arise from personal securities trading. The Code requires Aterian personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of securities relating to certain industries and sectors;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to the Aterian Chief Compliance Officer at (212) 547-2810. Personal securities transactions by Aterian personnel are required to be conducted in a manner that prioritizes the client’s interests in client eligible investments.

Aterian and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Aterian and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Aterian. Accordingly, should Aterian or any of its affiliated persons come

into possession of material nonpublic or other confidential information with respect to any public company, Aterian would be prohibited from communicating such information to clients, and Aterian will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Aterian personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Aterian and its affiliates may directly or indirectly own an interest in the Funds or certain Co-Invest Funds. To the extent that Co-Invest Funds exist, such vehicles may invest in one or more of the same portfolio companies as the Funds.

Co-invest opportunities may be presented to certain affiliates of Aterian, as well as third party investors and other persons, and such co-investments may be effected through co-investment vehicles or directly in a particular portfolio company. Additionally, the Funds may invest together with other Funds advised by an affiliated adviser of Aterian in the manner set forth in the Governing Documents. Aterian will allocate investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the Governing Documents for the relevant Fund and the Code. In the case of co-invests, Aterian may grant certain third party investors the opportunity to evaluate specified amounts of prospective co-investments in one or more Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Aterian and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds.

BROKERAGE PRACTICES

Aterian focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Aterian may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although Aterian does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If Aterian sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Aterian. In such event, Aterian will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Aterian may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

Aterian has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Aterian

generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Aterian seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although Aterian generally does not make use of such services at the current time. As a general matter, research provided by these brokers would be used to service all of Aterian's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by Aterian, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that Aterian allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution.

Aterian does not anticipate engaging in significant public securities transactions; however, to the extent that Aterian engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, Aterian may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Aterian may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to the Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Aterian closely monitors companies in which the Funds invest, and the Chief Compliance Officer periodically checks to confirm that each Fund is managed in accordance with its stated objectives.

Aterian will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year,

(iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

CLIENT REFERRALS AND OTHER COMPENSATION

As discussed in the "Fees and Compensation" section, Aterian may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Governing Documents, this compensation may, in certain circumstances, offset all or a portion of the Management Fees paid by the Fund. However, in other circumstances, these fees would be in addition to Management Fees.

From time to time, Aterian may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents (including any interest thereon) will be borne by Aterian indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment, typically are borne by the relevant Fund(s). Aterian retained UBS Securities LLC in connection with the placement of interests in Fund II.

CUSTODY

As required by the Advisers Act, Aterian has established an account with one or more qualified custodians to hold funds and securities on behalf of the Funds. In addition, the Funds are audited by an independent public accountant annually and such audited financial statements are distributed to investors in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended.

INVESTMENT DISCRETION

Aterian has discretionary authority to manage investments on behalf of the Funds. As a general policy, Aterian does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Aterian may enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. Aterian assumes this discretionary authority pursuant to the terms of the Governing Documents.

VOTING CLIENT SECURITIES

Aterian has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that Aterian votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Aterian generally believes its interests are aligned with those of a Fund's investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of

interest in voting proxies, the Proxy Policy provides that Aterian may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve Aterian's vote in a particular solicitation. Aterian does not consider service on portfolio company boards by Aterian personnel or Aterian's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by Aterian when voting proxies on behalf of a Fund. If a client or prospective client would like a copy of Aterian's complete Proxy Policy or information regarding how Aterian voted proxies for particular portfolio companies, they should contact the Aterian Chief Compliance Officer at (212) 547-2810, and it will be provided at no charge.

FINANCIAL INFORMATION

Aterian does not require prepayment of Management Fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.