



**PART 2A OF FORM ADV:
FIRM BROCHURE**

June 15, 2016

Eaglehill Advisors LLC
150 East 52nd Street, Suite 5004
New York, NY 10022
Tel: (212) 405-1200
www.eaglehillcapital.com

This brochure (“Brochure”) provides information about the qualifications and business practices of Eaglehill Advisor LLC (“Eaglehill”, the “Advisor” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at 212-405-1200. 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 Advisor 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 Eaglehill also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2
MATERIAL CHANGES

This Brochure of Eaglehill is the first Form ADV Part 2A submitted to the SEC following certain amendments to the disclosure rules promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and to the form formerly known as Form ADV Part II. Accordingly, there are no material changes to report. If the Firm makes any material changes to this Brochure in the future, it will revise this section to include a summary of such changes.

ITEM 3
TABLE OF CONTENTS

Item 1 Cover Page
Item 2 Material Changes
Item 3 Table of Contents
Item 4 Advisory Business
Item 5 Fees and Compensation
Item 6 Performance-Based Fees and Side-By-Side Management
Item 7 Types of Clients
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss
Item 9 Disciplinary Information
Item 10 Other Financial Industry Activities and Affiliations
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading
Item 12 Brokerage Practices
Item 13 Review of Accounts
Item 14 Client Referrals and Other Compensation
Item 15 Custody
Item 16 Investment Discretion
Item 17 Voting Client Securities
Item 18 Financial Information
Item 19 Requirements for State-Registered Advisers

Eaglehill may provide this Brochure to current or prospective investors in a private investment fund advised by Eaglehill (the “Fund”), together with the Fund’s private placement memorandum, organizational documents and other related documents (collectively, the “Fund Documents”), prior to, or in connection with, an investor’s consideration or execution of an investment in a Fund. Eaglehill, in its discretion, may subsequently provide the Brochure annually, or at the request of an investor in a Fund. Investors and other recipients should be aware that while this Brochure may include information about the Fund, it is not a complete discussion of the features, risks or conflicts associated with the Fund. The Fund’s Fund Documents contain more complete information about the Fund, and the Fund Documents may be provided to current and eligible prospective investors only by Eaglehill or other authorized parties.

This Brochure is not and should not be deemed to be a general solicitation and does not constitute an offer to sell or a solicitation of an offer to buy any type of interest in any entity advised by Eaglehill. This Brochure does not constitute, in any jurisdiction, a recommendation, inducement, invitation, offer, or solicitation for you to purchase or acquire any securities or assets, and no legal relationship is being created by this Brochure.

This Brochure is not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed solely to provide information about Eaglehill for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in Fund Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Fund Documents, the Fund Documents shall govern.

No offer or solicitation in the Funds advised by Eaglehill, including EIV (defined in Item 5, below) will be made before the delivery of the Fund Documents. Potential investors should read carefully Fund’s informational documents and legal agreements and consult with their tax, legal and financial advisors before making a decision with respect to an investment managed by Eaglehill.

ITEM 4

ADVISORY BUSINESS

Eaglehill a Delaware limited liability company, was formed in 2014 as an investment adviser to a specialty finance company which seeks to generate current income and capital appreciation through direct investments in senior secured loans, mezzanine loans, and equity securities of U.S. middle market companies in a variety of industries. In March of 2016, Eaglehill reported in Section 2.B. of Schedule D to its annual updating amendment that it had private fund assets of \$150 million or more and no longer qualified to be an exempt reporting adviser. Eaglehill submitted its final report as an exempt reporting adviser and applied for SEC registration in the same filing.

Since its formation in 2014, the principals and portfolio managers of Eaglehill have been Jason A. Cunningham and Michael S. Zicari.

The Firm provides discretionary investment management services to a private investment fund, referred hereinafter as the Fund. The Fund is a U.S. limited partnership that is not registered or required to be registered under the Advisers Act or the U.S. Securities Act of 1933 (“Securities Act”), and are privately placed to qualified investors in the United States and elsewhere. Eaglehill may also sponsor and manage co-investments, and strategic partnership vehicles that invest in Eaglehill funds and investment strategies.

The Fund may also be referred to in this brochure as “the Client”. Persons and entities that invest in the Fund are referred to in this brochure as “investors” or “limited partners.” The Firm provides investment advice and other services directly to the Fund and not individually to the investors in the Fund. As of December 31, 2015, the Firm managed approximately \$151,020,000 in assets on a discretionary basis on behalf of its Client. Eaglehill manages assets for and markets primarily to “qualified purchasers” (as defined in the Advisers Act) and “accredited investors” (as defined in Regulation D under the Securities Act).

The Firm’s advisory services are tailored investment objectives of the Fund, which are outlined in the offering documents.

Further, the Firm does not currently participate as manager in any wrap fee programs.

ITEM 5

FEES AND COMPENSATION

Eaglehill is typically compensated for services through the payment of base management fees (“Management Fees”). In some situations, Eaglehill is also entitled to performance allocations (see Item 6, below).

A Management Fee will be payable by the Fund to the Advisor. During the commitment period, the Management Fee will be payable quarterly in advance at an annual rate of 1.75% of total commitments. Thereafter, the Management Fee will be payable quarterly in advance at an annual rate of 1.75% of the Fund’s actively invested capital. If the term of the Fund is extended for a one-year period, then the Management Fee will be payable quarterly in advance at an annual rate of 1.25% of the Fund’s actively invested capital. If thereafter, the term of the Fund is extended for an additional one-year period, then the Management Fee will be payable quarterly in advance at an annual rate of 0.75% of the Fund’s actively invested capital.

Notwithstanding the foregoing, following the Conversion (as defined below), if any, the Management Fee will be payable quarterly in arrears at an annual rate of 1.75% of the average of the Fund’s total assets (excluding cash) as of the end of each of the preceding two quarters. “Conversion” means at any time during the term of the Fund, the General Partner may in its sole discretion elect to effect a restructuring of the Fund by causing the Fund to convert to, merge with or directly or indirectly transfer all or any portion of its assets to, an entity that has elected or will elect to be treated as a BDC under the the Advisers Act.

The Management Fee commences as of the date of the initial closing based on Total Commitments, regardless of when a limited partner was actually admitted.

Except as set forth below and in the Fund’s offering documents the Advisor will be responsible for routine overhead expenses of the Advisor and the General Partner, including all compensation and benefits of the Principals and the Advisor’s employees.

The Advisor may waive its right to receive all or any portion of the Management Fee, including in respect of the interests of employees, business associates and other “friends or family” of the senior investment professionals of the Advisor.

Moreover, prior to Conversion, up to 50% of certain fees received by Eaglehill in connection with its businesses engaged in merger and acquisition advisory, investment banking, liability management and broker dealer, among other, activities for certain private equity or corporate clients (excluding any such fees earned in connection with services rendered to any person or entity affiliated or associated with the Founding Limited Partner) (the “Management Fee Offset Amount”) will be applied as an offset to the

Management Fee; provided that the Management Fee Offset Amount shall be allocated among the Fund and any Subsequent Funds pro rata based on their respective capital commitments. If the Management Fee is not sufficient to offset any such fees, any shortfall will be carried forward to reduce future Management Fees until the earlier of such time as (i) such shortfall is fully offset or (ii) the Advisor is no longer entitled to receive the Management Fee from the Fund. Upon Conversion or such time that the Advisor is no longer entitled to receive the Management Fee from the Fund, any remaining shortfall shall be paid by Eaglehill to the Fund.

100% of the Fund's allocable portion of net proceeds attributable to directors' fees, transaction fees, acquisition and disposition fees, monitoring fees, origination fees, arrangement fees, break-up fees and any other fees earned on or relating to the making, disposition or management of investments earned from high-yielding debt instruments and equity securities in which the Fund has made an investment (whether or not consummated) will be paid to the Fund.

Eaglehill also acts as investment manager to Eaglehill Investment Vehicle I L.P. ("EIV") which was formed in December 2015 as a strategic partnership vehicle for a single investment in which certain limited partners of the Fund invested. Eaglehill is entitled to receive an annual management fee in advance (the "EIV Management Fee") from EIV in respect of each limited partner, calculated as provided below. The EIV Management Fee due in respect of each limited partner of EIV is a per annum amount equal to 0.50% of each limited partner's capital contributions to EIV.

The precise amount of, and the manner and calculation of, the management fees for the Fund and for EIV are established by the Advisor, as modified by negotiations with investors in the Fund and EIV and are set forth in such relevant documents received by each investor prior to investment in such Fund and EIV. The management fees and performance-based fees and any other fees and distributions described herein are generally subject to waiver or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ among investors in the same Fund or EIV.

ITEM 6
PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Eaglehill charges performance-based fees only in accordance with Section 205(3) of the Advisers Act, and Rule 205-3 thereunder.

An “Incentive Fee” will be payable by the Fund to the Advisor and will consist of two parts:(i) The first component, payable at the end of each quarter in arrears, equals 100% of the pre-incentive fee net investment income (as defined below) in excess of a 1.75% quarterly “hurdle rate” (7.0% annualized) until the Advisor has received 20% of the total pre-incentive fee net investment income for that quarter and, for the pre-incentive fee net investment income in excess of 2.1875% quarterly (8.75% annualized), 20% of all of the remaining pre-incentive fee net investment income for that quarter. To determine whether the pre-incentive fee net investment income exceeds the hurdle rate, the pre-incentive fee net investment income is expressed as a percentage rate of return on the Fund’s net assets. The 100% “catch-up” provision for the pre-incentive fee net investment income in excess of the 1.75% hurdle rate is intended to provide the Advisor with an incentive fee of 20% on all of the pre-incentive fee net investment income when that amount equals 2.1875% in a quarter, which is the rate at which the catch-up is achieved. Once the hurdle rate is reached and the catch-up is achieved, 20% of any of the pre-incentive fee net investment income in excess of 2.1875% in any quarter is payable to the Advisor.

“Pre-incentive fee net investment income” means dividends, interest and fee income accrued by the Fund during any calendar quarter less (x) operating expenses for the quarter (including the Management Fee, fees and expenses payable under the Administration Agreement to the Administrator, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee) and (y) any amortized portion of organizational and other offering expenses of the Fund for the quarter; provided that, prior to the conversion, for purposes of calculating the first component of the Incentive Fee (based on pre-incentive fee net investment income) that is payable by the Fund with respect to the founding limited partner only (and not the other limited partners) and that will be allocated by the Fund only to the founding limited partner’s capital account, the amortized portion of the Fund’s organizational and other offering expenses referenced in clause (y) above shall include also the amortized portion of the First Year Fee for the quarter.

The second component, payable at the end of each calendar year in arrears, will equal 20% of cumulative capital gains (as defined below) from the inception of the Fund to the end of such calendar year, minus the aggregate amount of any of the previously paid capital gain incentive fees for prior periods. “Cumulative capital gains” means, on any relevant date, cumulative realized capital gains, less the sum of (a) cumulative realized capital losses and (b) cumulative unrealized depreciation on investments, in each case as of such date.

The Management Fee and the Incentive Fee will be paid either from drawdowns (which will reduce unfunded commitments) or from available proceeds of the Fund. Any amount drawn down to pay the Management Fee may, to the extent that Partners receive subsequent distributions in respect of such amount, be added to unfunded commitments and will be subject to further drawdowns. The Advisor may waive its right to receive all or any portion of the Incentive Fee, including in respect of the interests of employees, business associates and other “friends or family” of the senior investment professionals of the Advisor.

Eaglehill is also eligible to receive a performance-based allocation fee from EIV based on a percentage of investment proceeds on distributions (the “Carried Interest”). Distributions will be split between investors in the EIV and the general partner as set forth in EIV’s governing documents. The Carried Interest will be generally equal to 15% of the applicable EIV’s profits, which applies once a limited partner in EIV has received an annual rate of return of 8%, but is subject to the waterfall set forth in EIV’s governing documents.

Currently, Eaglehill does not have any funds with overlapping investment periods other than the Fund and EIV. Given the single investment characteristic of EIV there is no conflict of interest in allocating investment opportunities to Client accounts based on the likelihood that the Firm will earn performance-based fees or the amount thereof. A potential conflict of interest that does arise from our charging performance-based fees is that it may create an incentive for Eaglehill to cause the Funds to engage in riskier investment behavior due to the higher return potential.

As set forth under Item 5, the precise amount of, and the manner and calculation of, the management fees for the Fund and for EIV are established by the Advisor, as modified by negotiations with investors in the Fund and EIV and are set forth in such relevant documents received by each investor prior to investment in such Fund and EIV. The management fees and performance-based fees and any other fees and distributions described herein are generally subject to waiver or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ among investors in the same Fund or EIV.

ITEM 7
TYPES OF CLIENTS

Eaglehill's Client is a pooled investment vehicle that is exempt from registration under the the Advisers Act. Investment advice is provided to the Fund (subject to the direction and control of the general partner of each such Fund as applicable) and not individually to the investors in such Fund. Investors in the Fund may include, but are not limited to family offices, pension plans, endowments, trusts, financial institutions and other U.S. and non-U.S. corporations or otherwise highly sophisticated investors pursuant to applicable exemptions from registration under federal securities laws.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategy

The Fund is organized principally to generate current income and capital appreciation through direct investments in senior secured loans, mezzanine loans, and, to a lesser extent, equity securities of U.S. middle-market companies in a variety of industries. Eaglehill believes U.S. middle-market companies have been underserved by banks and other financial institutions in recent years and such conditions have created an opportunity to extend credit to these companies. The Fund's investment strategy is intended to generate attractive risk-adjusted total returns across market cycles while preserving capital. Eaglehill expects that the Fund's capital commitments will be used by middle-market companies to support growth, make acquisitions, refinance existing indebtedness or recapitalize, among other things. The term "middle-market" used herein refers to companies with annual EBITDA between \$5 and \$50 million. However, the Fund may from time to time invest in larger or smaller companies. The Fund will make investments in both primary originations and, to a lesser extent, open-market secondary purchases. The Fund's targeted credit investments will range in size, with no single investment expected to be larger than 20% of the Fund's Total Commitments. Debt investments are expected to have maturities between three and ten years. While the Fund's primary focus is to invest in U.S. middle-market companies, the Fund may also invest a portion of its capital commitments in opportunistic investments, such as foreign companies, large U.S. companies or stressed or distressed debt. The size of these investments will vary at any given time. Such investments generally will constitute less than 25% of the Fund's Total Commitments. The instruments in which the Fund invests may not be rated by any rating agency. If such instruments were rated, they likely would be below investment grade (rated lower than "Baa3" by Moody's Investors Service and lower than "BBB-" by Standard & Poor's Rating Service).

The Fund will target investments in portfolio companies with one or more of the following attributes, which Eaglehill believes will help the Fund generate higher risk-adjusted returns:

- *Stable Companies with History of Positive Cash Flow.* The Fund seeks to invest in established companies with proven products or services and significant free cash flow that are positioned to maintain consistent cash flow to service debt and maintain growth or market share. The Fund seeks to invest in companies that have fortified defensible market positions within their respective markets and can defend their competitive advantages to protect margin and profitability.
- *Proven Management Teams.* The Fund seeks to invest in companies that have experienced management teams that not only have a successful track record, but also strong governance and substantial equity ownership.

- *Private Equity Sponsorship.* The Fund seeks to invest in companies with backing by high quality private equity firms as an endorsement of the quality of the company. Significant equity value provides further support to the Fund's credit investments. Moreover, private equity firms with meaningful equity investments are further incentivized to support portfolio companies in difficult market and operating environments, through equity capital ranking junior in priority to the Fund's credit investments.

- *Ability to Provide Advisory Capabilities and Liability Management to Portfolio Companies.* The Fund seeks opportunities in which Eaglehill can add value through active dialogue with management and ownership to provide capital structure and other advisory services through the lifetime of the Fund's investment, informed by the Principals' extensive experience across all credit cycles and industries spanning more than two decades.

- *Well Structured Investments.* The Fund endeavors to structure credit investments with protections through meaningful negative and affirmative covenants frameworks, lien protection, default penalties and other restrictions on value leakage to mitigate the risk of capital loss and maximize returns.

Competitive Strengths

- *Extensive Relationships with Private Equity Sponsors and Middle-Market Companies to Source Quality Investments.* Eaglehill has an extensive network to source investment opportunities, including relationships with top-tier private equity firms, investment banks, law firms, BDCs, restructuring firms, distressed and specialty investors and experienced, sophisticated debt and equity investors in middle-market companies. The Principals have more than two decades of experience as investment banking deal professionals and can employ direct calling efforts on previously covered companies. Eaglehill believes that these relationships developed and strengthened over decades will provide the Fund with strategic opportunities and significant deal flow relative to its competitors.

- *Distinguished Investment Approach.* The Fund's investment methodology involves a top-down analysis of macroeconomic and market dynamics and also a deep understanding of the business of target portfolio companies and management, combined with extensive experience analyzing credit investments. While the Fund is able to invest in a broad array of industry sectors, it targets companies with high free cash flow generation in an industry with secular growth. The Fund's approach is also highly compatible with its flexible investment guidelines: the Fund expects to pursue investments across the capital structure in companies operating in a wide variety of industries at various points in the credit cycle. Furthermore, the Principals have extensive experience in a wide variety of lending transactions, throughout the capital structure and through many investment cycles, including cash flow and asset-based lending and workouts and distressed debt.

The Fund expects to invest in the senior most tranche of capital structure to mitigate potential loss where it believes risk premium expressed in “all in” rates is inadequate. In addition, the Fund seeks to achieve structural protections to provide asset and valuation coverage as well the optionality to engage management in times of stress to re-evaluate existing investments. Eaglehill expects to leverage the Principals’ extensive experience in loan origination to structure transactions that not only mitigate risk to preserve capital but also to provide management teams with flexibility to grow their business. The Fund focuses on loan documentation to structure covenant packages that permit the Fund to reengage management to re-evaluate and re-price risk in the event that the credit deviates from the initial investment thesis. In addition to structuring, the Fund seeks active and regular dialogue with management and ownership through the life of the investment either in addressing capital structure issues or in providing advisory services on strategic initiatives.

- *Floating Rate Coupons Provide Natural Hedge.* The Fund’s loans are generally expected to be structured as floating rate instruments with coupons that reset quarterly as the underlying reference rates change. Since the Federal Reserve has held interest rates near zero for several years following the financial crisis in 2008, it is widely believed that long term interest rates will begin to rise in the near to medium term. The floating rate structure of the Fund’s loans will act as a natural hedge against rising interest rates that more profoundly impact fixed income instruments such as high yield bonds.

- *Opportunistic Investment Philosophy.* In addition to having the ability to customize solutions and structures for a variety of borrowers, the Fund has a long term investment horizon that affords it significant flexibility in making its investments, which in turn allows the Fund to maximize its returns on those investments. The Fund invests with a long term focus which Eaglehill believes will allow the Fund to increase its total returns.

- *Disciplined Income-Oriented Investments.* The Fund employs a “bottoms up,” fundamental credit analysis on its potential portfolio companies and has a conservative and defensive strategy focused on long term performance and capital preservation. The Fund’s objectives are to maximize current income and minimize risk of capital loss. The Fund’s fundamental approach to credit also seeks to maintain a portfolio company’s potential for capital appreciation in the long term.

- *Flexible Transaction Structures.* Eaglehill believes that the Fund’s ability to be flexible and creative in structuring debt for middle market borrowers of various credit profiles affords the Fund the ability to invest throughout the capital structure, in the spot that offers the Fund the most attractive risk-adjusted returns. Dynamics within the middle market fluctuate through time, and opportunities can often arise between different borrower types as well as across various asset classes. In some environments, first lien loan terms and pricing may become aggressive and may present relative value opportunities in the junior part of the capital structure. Conversely, unsecured or other junior capital within the capital structure may be inappropriately priced relative to underlying value, making the secured capital a better risk-adjusted

investment. The abundance or lack of collateral relative to enterprise value are also considerations in the Fund's finding the most attractive part of the capital structure for its investment. The Fund's ability to analyze credit and relative value, coupled with its ability to be flexible in its investment approach, provides it with a greater ability to capture and enhance returns.

- *Focus on Preserving Capital and Minimizing Losses.* Eaglehill believes that in order to generate attractive risk-adjusted returns, it is imperative to protect principal and avoid capital losses. The Fund's investment process is structured to leverage Eaglehill's long standing industry relationships to source attractive borrowers, conduct extensive due diligence and perform fundamental credit analysis to evaluate the risk-return profile of such borrowers (including stress testing to evaluate risk of loss and ability to repay) and to structure investments with covenants and other protections to identify early and mitigate any issues with the portfolio company's business.

- *Experienced Team.* The Advisor's senior leadership team will be comprised of the Principals, Jason A. Cunningham and Michael S. Zicari, who have over 44 years of combined experience at Citigroup, including senior management experience in leveraged finance, liability management and alternative assets. Mr. Zicari has spent time in originating, structuring and executing transactions with entities and transaction structures that could not be done in the public markets, gaining invaluable expertise as it relates to the current middle market opportunity. Together, they have developed deep relationships with a broad array of financial intermediaries that will serve as a significant source for deal flow.

Risks of Loss

Business and Market Risks- The investments made by the Fund may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks. The possibility of partial or total loss of capital will exist, and investors should not invest unless they can readily bear the consequences of such loss.

Nature of Investments- The Fund will invest primarily in senior secured term loans, and select mezzanine and/or equity investments issued by middle-market companies.

Senior Secured Loans. When the Fund makes a "unitranche" or senior secured term loan investment in a portfolio company, it generally takes a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which is expected to help mitigate the risk that the Fund will not be repaid. However, there is a risk that the collateral securing the loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in

value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Fund will receive principal and interest payments according to the loan's terms, or at all, or that the Fund will be able to collect on the loan should it be forced to enforce its remedies.

Mezzanine or Other Junior Debt. Junior debt investments generally will be subordinated to senior loans and will either have junior security interests or be unsecured. As such, other creditors may rank senior to the Fund in the event of an insolvency. This may result in greater risk and loss of principal.

Equity Investments. When the Fund invests in senior secured loans or mezzanine loans, it may acquire equity securities as well. In addition, the Fund may invest directly in the equity securities of portfolio companies. The goal is ultimately to dispose of such equity interests and realize gains upon the disposition of such interests. However, the equity interests the Fund receives may not appreciate in value and, in fact, may decline in value. Accordingly, the Fund may not be able to realize gains from its equity interests, and any gains that it does realize on the disposition of any equity interests may not be sufficient to offset any other losses.

Preferred Stock. To the extent the Fund invests in preferred securities, it may incur particular risks, including:

- preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If the Fund owns a preferred security that is deferring its distributions, it may be required to report income for U.S. federal income tax purposes before it receives such distributions;
- preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore are subject to greater credit risk than more senior debt instruments; and
- generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board; generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

In addition, investing in middle-market companies involves a number of significant risks, including:

- such companies may have limited financial resources and may be unable to meet their obligations under their debt securities that the Fund holds, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Fund realizing any guarantees the Fund may have obtained in connection with its investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on the portfolio company and, in turn, on the Fund;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position;
- the General Partner, the Advisor, the Principals and, following a Conversion, any of the Fund's executive officers or directors may, in the ordinary course of business, be named as defendants in litigation arising from the Fund's investments in the portfolio companies;
- they generally have less publicly available information about their businesses, operations and financial condition and, if the Fund is unable to uncover all material information about these companies, it may not make a fully informed investment decision; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Uncertainty Regarding Investments - Although the Fund will make every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require the Fund to rely on limited resources available to it including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, it is uncertain whether the due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. The Fund also cannot be certain that the due diligence investigation will result in investments being successful.

Valuation of Portfolio Securities Prior to Conversion - Investments are valued at the end of each fiscal quarter. Substantially all of the Fund's investments are expected to be in loans that do not have readily ascertainable market prices.

Prior to a Conversion, with certain limited exceptions, valuations of the Fund's assets that are not publicly traded or whose market prices are not readily available are valued at fair value will be determined by the General Partner in accordance with the Fund's valuation policy and will be final and conclusive for all of the General Partner and limited partners. The participation of the General Partner in the valuation process could result in a conflict of interest, since the Management Fee and Incentive Fee is based in part on the Fund's assets.

Factors that may be considered in determining the fair value of the Fund's investments include the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to similar publicly traded companies, discounted cash flow and other relevant factors. Because fair valuations, and particularly fair valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and are often based to a large extent on estimates, comparisons and qualitative evaluations of private information, the determinations of fair value may differ materially from the values that would have been determined if a ready market for these securities existed. This could make it more difficult for investors to value accurately the Fund's portfolio investments and could lead to undervaluation or overvaluation of an investment in the Fund. In addition, the valuation of these types of securities may result in substantial write-downs and earnings volatility.

Illiquidity; Market for Investments in Portfolio Companies - The Fund will generally make loans to private companies. The illiquidity of these investments may make it difficult for the Fund to sell positions if the need arises. In addition, if the Fund is required to liquidate all or a portion of its portfolio quickly, it may realize significantly less than the value at which it had previously recorded such investments. In addition, the Fund may face other restrictions on its ability to liquidate an investment in a portfolio company to the extent that it holds a significant portion of a company's equity or if it has material non-public information regarding that company.

Potential Lack of Diversification - The Fund's portfolio may be concentrated in a limited number of portfolio companies and industries. Beyond the asset diversification requirements as set forth in the Partnership Agreement prior to a Conversion and associated with the qualification as a regulated investment company for U.S. tax purposes following a Conversion, the Fund does not have fixed guidelines for diversification, and while the Fund is not targeting any specific industries, its investments may be concentrated in relatively few industries. As a result, the aggregate returns the Fund realizes may be significantly adversely affected if a small number of investments perform poorly or if the Fund needs

to write down the value of any one investment. Additionally, a downturn in any particular industry in which the Fund is invested could significantly affect its aggregate returns.

Follow-On Investments - Following an initial investment in a portfolio company, the Fund may make additional investments in that portfolio company as “follow-on” investments to increase or maintain in whole or in part the Fund’s equity ownership percentage, exercise warrants, options or convertible securities that were acquired in the original or subsequent financing or attempt to preserve or enhance the value of the Fund’s investment.

The Fund may elect not to make follow-on investments, may be constrained in its ability to employ available funds, or otherwise may lack sufficient funds to make those investments. The Fund has the discretion to make any follow-on investments, subject to the availability of capital resources. However, doing so could be placing even more capital at risk in existing portfolio companies.

The failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and the Fund’s initial investment, or may result in a missed opportunity for the Fund to increase its participation in a successful operation. Even if it has sufficient capital to make a desired follow-on investment, the Fund may elect not to make a follow-on investment because it may not want to increase its concentration of risk, because it prefers other opportunities, or, following a Conversion, because it is inhibited by compliance with BDC requirements or the desire to maintain its tax status.

Reliance on the Management of Portfolio Companies - The Fund is a lender, and loans (and any equity investments it makes) will be non-controlling investments, meaning the Fund will not be in a position to control the management, operation and strategic decision-making of the companies it invests in. As a result, the Fund will be subject to the risk that a portfolio company the Fund does not control, or in which the Fund does not have a majority ownership position, may make business decisions with which the Fund disagrees, and the equity holders and management of such a portfolio company may take risks or otherwise act in ways that are adverse to the Fund’s interests. Due to the lack of liquidity for the debt and equity investments that the Fund will typically hold in its portfolio companies, the Fund may not be able to dispose of its investments in the event that it disagrees with the actions of a portfolio company, and may therefore suffer a decrease in the value of its investments.

Non-U.S. Investments - The Fund’s investment strategy may include potential investments in foreign companies. Investing in foreign companies may expose the Fund to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in

enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of the Fund's investments will be U.S. dollar-denominated, any investments denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long term opportunities for investment and capital appreciation, and political developments. Because the Fund does not intend to directly or indirectly trade commodity interests, the Fund's ability to hedge currency risk may be limited, as commodity interests include a wide range of foreign exchange derivatives. Even where the Fund is able to hedge currency risk, there can be no assurance that the Fund's strategies will be effective.

Interest Rate Risk - The majority of the Fund's debt investments are likely to be based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate. General interest rate fluctuations may have a substantial negative impact on the Fund's investments, the value of an investment in the Fund and the rate of return on invested capital. On one hand, a reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on net interest income, which also could be negatively impacted by borrowers making prepayments on their loans. On the other hand, an increase in interest rates could increase the interest repayment obligations of borrowers and result in challenges to their financial performance and ability to repay their obligations.

An increase in interest rates also could decrease the value of any investments the Fund holds which earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high yield bonds, and also could increase the Fund's interest expense, thereby decreasing net income. Also, an increase in interest rates available to investors could make investment in the Fund less attractive if the Fund is not able to increase its distribution rate, which could reduce the value of an investment in the Fund.

A rise in the general level of interest rates typically leads to higher interest rates applicable to the Fund's debt investments. Accordingly, an increase in interest rates may result in an increase in the amount of the Incentive Fee payable to the Advisor.

Because the Fund does not intend to directly or indirectly trade commodity interests, the Fund's ability to hedge interest rate risk will be limited, as commodity interests include a wide range of interest rate derivatives.

Below Investment Grade Investments - The Fund's investments will typically be in highly leveraged companies and are likely to be in lower grade obligations. The lower grade investments in which the Fund

invests may be rated below investment grade by one or more nationally recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Loans or debt securities rated below investment grade are considered speculative with respect to the issuer's capacity to pay interest and repay principal.

Structure of Investments - The Fund's portfolio companies may have, or may be permitted to incur, other debt, or issue other equity securities that rank equally with, or senior to, the Fund's investments. By their terms, those instruments may provide that the holders are entitled to receive payment of dividends, interest or principal on or before the dates on which the Fund is entitled to receive payments in respect of its investments. These debt instruments would usually prohibit the portfolio companies from paying interest on or repaying the Fund's investments in the event and during the continuance of a default under the debt. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to the Fund's investment in that portfolio company typically would be entitled to receive payment in full before the Fund receives any distribution in respect of its investment. After repaying those holders, the portfolio company may not have any remaining assets to use for repaying its obligation to the Fund. In the case of securities ranking equally with the Fund's investments, the Fund would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

The rights the Fund may have with respect to the collateral securing certain loans it makes to its portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements or agreements among lenders. Under these agreements, the Fund may forfeit certain rights with respect to the collateral to holders with prior claims. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of those enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. The Fund may not have the ability to control or direct such actions, even if as a result its rights as lenders are adversely affected.

Distressed Lending Risk - As part of its lending activities, the Fund may originate loans to companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to the Fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Fund will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company that it funds, the Fund may lose all or part of the amounts advanced to the borrower or may be

required to accept collateral with a value less than the amount of the loan advanced by the Fund to the borrower.

Risks Associated with Bankruptcy Cases - Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Fund. Furthermore, there are instances where creditors lose their ranking and priority as such if they are considered to have taken over management and functional operation of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by the creditors and confirmation by a bankruptcy court. This process can involve substantial legal, professional and administrative costs to the debtor company and the Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the debtor company may not be able to invest adequately. In some cases, the debtor company may not be able to reorganize and may be required to liquidate assets. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Fund's influence with respect to a class of securities can be lost by the inflation of the number and amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Fund.

Representatives of the Fund may serve on creditors committees or other groups to ensure preservation or enhancement of the Fund's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the representatives of the Fund concludes that the obligations the representatives owe to other parties as a committee or group member conflict with the duties it owes to the Fund, it will resign from that

committee or group, and the Fund will not realize the benefits, if any, of participating on the committee or group. In addition, and also as discussed above, if the Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from, disposing of or increasing its investments in such debtor company while it continues to be represented on such committee or group.

In addition, lenders can be subject to lender liability claims for actions taken by them where they become too involved in the borrower's business or exercise control over the borrower. For example, the Fund could become subject to a lender liability claim (alleging that it misused its influence on the borrower for the benefit of its lenders), if, among other things, the borrower requests significant managerial assistance from the Fund or the Advisor and such assistance is provided.

ITEM 9
DISCIPLINARY INFORMATION

Not applicable.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Eaglehill serves as the investment manager to the following private funds:

Eaglehill Capital Partners L.P.

Eaglehill Investment Vehicle I L.P.

Certain of Eaglehill's employees are registered representatives of LPS Partners Inc., a registered third-party broker-dealer ("LPS"). Under the terms of the agreement between these Eaglehill employees and LPS, where the services of a registered broker-dealer are required in order to consummate certain merger and acquisition advisory, investment banking, and liability management activities from time to time, such employees, acting as registered representatives of LPS, will consummate such transactions through LPS, which will result in LPS being paid retainer or transaction-based compensation for these broker-dealer activities. In such situations, these employees of Eaglehill, in their capacity as registered representatives of LPS, are entitled to receive a portion of the compensation paid to LPS, as appropriate, in exchange for their services as a registered representative.

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

Eaglehill has adopted a Code of Ethics in accordance with Rule 204A-1 under the Advisers Act, which sets forth high ethical standards of business conduct that the Firm requires of its employees, including compliance with applicable federal securities laws. The Code of Ethics, among other things, restricts the personal investing activities of employees of the Firm who have access to investment recommendations made to clients. The Code of Ethics establishes rules of conduct for managers, officers and associates of Eaglehill (as defined in the Code of Ethics and known as “access persons”), and is designed to, among other things; govern personal securities trading activities in the personal accounts of its access persons. The Code is based upon the principle that the Advisor and its employees owe a fiduciary duty to the Advisor’s clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential of interest or any abuse of their position of trust and responsibility.

Although the Code of Ethics permits access persons to trade in securities for their own account, including at times, the same securities as may be purchased or sold for the Client’s account access persons must follow the Code of Ethics procedures which are designed to prevent its access persons from engaging in personal securities transactions that may compete or interfere materially with trading of client accounts. The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm’s access persons. Among other things, the Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code of Ethics provides for oversight, enforcement and recordkeeping.

In addition, all employees are prohibited from trading in a security while in possession of material nonpublic information and from engaging in transactions intended to manipulate the market. Access Persons are not permitted to solicit gifts or gratuities or accept gifts from clients, brokers or vendors that are lavish or extravagant; however, customary business meals and entertainment are permitted. Giving lavish or extravagant gifts is not permissible. The giving of gifts or anything of value to government officials is prohibited without the prior approval of the Compliance department. There is no guarantee that any such policies or procedures will cover every situation in which a conflict of interest arises. The Firm will provide a copy of its Code of Ethics or a summary thereof to any client or prospective client upon request.

In general, due to the sequential nature in which the Funds are formed, Eaglehill is generally actively pursuing new investment opportunities for a single Fund at any one time. As such, the Firm does not

generally allocate investment opportunities, although Eaglehill may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may include, but are not limited to, providing transaction-related, investment advisory, management to other Clients or investors. Further, certain employees and affiliates of Eaglehill may invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the management fee and carried interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

In the case of all Conflicts of Interest, Eaglehill’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using Eaglehill’s best judgment, but in its sole discretion. In resolving conflicts, Eaglehill may consider various factors, including the interests of the applicable Fund with respect to the immediate issue and with respect to their longer term courses of dealing.

ITEM 12

BROKERAGE PRACTICES

As a private debt fund Eaglehill's typical acquisition of a loan would likely involve a privately negotiated transaction with the issuer, and would not involve the services of a broker or dealer. In the event the Firm uses a broker to effect transactions in public securities or other instruments resulting from, or in connection with, portfolio investments, the Firm will seek "best execution" of the transaction and will not seek or accept any payment from a broker in connection with such transactions. Furthermore, the Firm will pay no more than a reasonable brokerage fee in connection with any such transaction. In placing brokerage, the Firm will consider the size and nature of an order, the difficulty of execution and the full range and quality of a broker-dealer's services. The Firm has full discretionary authority over the purchase and sale of investments (including the size of such transactions), the broker or dealer, if any, to be used to effect transactions and commissions paid to such broker or dealer.

Although Eaglehill does not maintain any formal soft dollar or commission sharing arrangements, the Firm does have relationships with various counterparties that may provide the Firm with access to proprietary research reports which may be used by the Firm. It is the Firm's general understanding that this investment research is made available to all institutional investors doing business with such counterparties and is done so on an unsolicited basis and without regard to the rates of commissions or other compensation charged or paid by Eaglehill or the volume of business Eaglehill directs to such counterparties. Since these products and services are merely made available by the counterparties as part of a bundled business package to the Firm, which may or may not be used, it is the Firm's understanding that such counterparties do not set discrete prices for such products and services. Accordingly, Eaglehill does not separately compensate such firms for the provision of such services since the firms do not break out the costs for such services.

ITEM 13

REVIEW OF ACCOUNTS

Eaglehill continuously monitors portfolio investments on behalf of its Clients. Investments are reviewed in the context of the stated investment objectives and guidelines set forth in the applicable underlying organizational and offering documents. Members of Eaglehill's investment team meet regularly to determine and review deal flow, overall portfolio performance, risk tolerance and other relevant information. Members of the investment committee of Eaglehill include the founding partners, Jason Cunningham and Michael Zicari.

Eaglehill generally will 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) other reports as per agreements entered into involving investors and the Fund.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

The payment of cash fees for client or investor referrals may be made only in accordance with Rule 206(4)(3) under the Advisers Act. Specifically, there must be a written agreement with the party making the referral containing certain required terms, and, in the case of solicitors who are not affiliated with the adviser, certain written disclosures must be made to the Client and the Client's written acknowledgment of those disclosures obtained. In addition, the solicitor may not be a person who has been found to have engaged in certain types of conduct.

From time to time, Eaglehill or its affiliates may utilize a placement agent to assist in the placement of investor interests in the Funds. The fees paid to any such placement agent generally would be in the form of a percentage of capital committed by such investors or some other form customary for such arrangements. Any placement agent would generally be a broker-dealer registered under the Securities Exchange Act of 1934 or otherwise exempt under the Securities Exchange Act of 1934 or other applicable laws and regulations.

ITEM 15
CUSTODY

Rule 206(4)-2 of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them. As an affiliate of Eaglehill serves as the general partner of the Fund and EIV, Eaglehill has access to the respective assets of such private funds and, as a result, Eaglehill has custody of each private fund's assets. Assets of the Fund and EIV are held in the name of the Fund and EIV, respectively, by an independent qualified custodian. The Fund and EIV are audited on an annual basis and audited financial statements are distributed to the limited partners within 120 days of the end of the fiscal year.

ITEM 16
INVESTMENT DISCRETION

Eaglehill has been granted discretionary authority with respect to the assets of its Clients. The Firm's investment decisions and advice with respect to Clients' accounts are subject to the Clients' investment objectives and guidelines, as established by the Clients and set forth in the applicable Fund Documents or Investment Management Agreement.

ITEM 17
VOTING CLIENT SECURITIES

Eaglehill has adopted proxy voting policies and procedures to address how it will vote proxies, as applicable, for a Fund's portfolio investments. Although the securities evidencing the private investments made by the Fund are not typically subject to proxy voting, there could however be certain circumstances where Eaglehill, having discretionary authority over the Fund, may be asked to vote the securities of the Fund on restructuring or other corporate matters. The Firm will ensure that a record of each securities position held by the Fund is maintained and, where any such vote is to occur, the Firm will ensure that it receives all relevant information, disclosure materials and such proxies or consents as are necessary for it to be able to cast votes in a timely manner.

ITEM 18
FINANCIAL INFORMATION

Not Applicable.