

FORM ADV PART 2A

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This brochure provides information about the qualifications and business practices of Muzinich & Co., Inc. ("Muzinich" or the "Firm"). If you have any questions about this brochure please contact us at (212) 888 3413 or info@muzinich.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authorities. Additional information about Muzinich is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

The following material changes have occurred since the previous Annual Update filing in February, 2012:

Item No.	Description of Material Changes
4	Justin Muzinich is now President and George Muzinich Chief Executive Officer of Muzinich.
6	Additional disclosures regarding side by side management.
8	Addition of new Global Tactical Credit strategy; updated risk disclosures.
11	More detailed description of the Firm's Code of Ethics and policies, including with respect to conflicts of interest, the Firm's restricted list and cross trading.
12	Revision of description of the Firm's trade aggregation and allocation practices.

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ITEM 4: ADVISORY BUSINESS

a) Background

Muzinich & Co., Inc. (“Muzinich” or the “Firm”) is a global institutional asset manager specializing in corporate credit investment portfolios and other credit-based investment strategies. The Firm has been offering investment advisory services since 1988. George M. Muzinich is the Firm’s founder and Chief Executive Officer, and Justin Muzinich is the Firm’s President. They, either directly or through family entities that they control, are the primary principal owners of the Firm.

b) Advisory Services

Muzinich provides investment advice and management to (i) publicly offered and privately placed investment funds (“Funds”) either directly or as a subadvisor, and (ii) separately managed accounts (“Separate Accounts” and, together with the Funds, “Clients”). The Firm primarily advises on investments in corporate credit.

The Firm seeks to deliver competitive, risk-adjusted returns over full market cycles. The Firm offers a variety of credit-based investment strategies. See Item 8 for a brief discussion of each strategy. The Firm pursues each Client’s investment objective by investing generally in high yield bonds, short duration credit instruments, bank loans, investment grade corporate debt instruments and other credit based instruments. We also may, for certain Clients, use currency forwards and derivative instruments, primarily for hedging purposes but, depending upon the Client and the strategy, also to gain exposure to certain types of instruments or to take advantage of dynamics in the market.

Within all of our corporate credit strategies, we seek attractive returns within the context of preserving client capital. We aim to generate solid and durable returns while keeping volatility low under normal market circumstances.

We invest in companies based on our intensive fundamental credit research incorporating both quantitative and qualitative valuation metrics.

We conduct primary company research in order to understand industry dynamics, company strengths and weaknesses, and asset values. We place great importance on the quality of management. We analyze bond and loan covenants.

Our portfolio investment holdings reflect our opinion of the most attractive risk/return alternatives as identified by our credit research. We believe this thorough investment process, coupled with our attention to portfolio diversification, enables us to control risk while maximizing return over full market cycles.

c) Tailored Advice and Client-Imposed Restrictions

Each investment strategy can, in most cases, be tailored to meet a Client's specific investment objectives, risk guidelines, and legal constraints. For Fund clients, the Firm manages the account in accordance with the Fund's offering documents, which typically contain more detailed information, including a description of the investment objective and strategy or strategies employed and related restrictions.

Clients and investors in Funds must consider whether a particular Separate Account relationship or Fund is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Client's or investor's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective clients and investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant offering materials for the Funds or the documents relating to the proposed investment program for the Separate Account and the additional details about Muzinich's investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

d) Wrap Fee Disclosure

Not applicable.

e) Assets Under Management

As of December 31, 2012 the Firm had \$21.989 billion in discretionary assets under management.

ITEM 5: FEES AND COMPENSATION

a) Compensation

The Firm charges each Client an investment management fee based on the market value of the securities and cash in the portfolio on the appraisal date of the account. The annual management fee generally ranges from 0.50% to 1.0% of assets under management. The Firm may also charge performance-based fees (see Item 6). Fees are negotiable. Fees may differ based on account size, strategy, complexity and the overall package of services provided, among other factors.

b) Billing

For Funds, investment management fees typically are deducted from the Funds by third party administrators and paid to Muzinich. Separate Account Clients typically are billed by the Firm for fees incurred, quarterly in arrears. In general, investment management fees are based on a valuation of assets by the Client's custodian or administrator.

c) Other Expenses

Clients are responsible for and do incur other expenses separate and apart from the Firm's investment management fees. These expenses typically include custody fees, brokerage services and other transaction fees (where imposed), and/or expenses associated with the investment vehicle in which their assets are invested. See Item 12 for more information about the selection of broker-dealers.

d) Advance Billing

With respect to the Funds the management fee is payable in advance or in arrears as reflected in the Fund documents. With respect to Separate Accounts, investment management fees may be paid quarterly or monthly, in advance or in arrears, as agreed with the Client. For Separate Accounts that are terminated prior to the end of the period, fees paid in advance will be refunded to the extent agreed to by the parties.

e) Sales-based Compensation

Neither the Adviser nor any of its employees or affiliates accepts additional compensation for the purchase or sale of securities or other investment services or products.

ITEM 6: PERFORMANCE BASED FEES AND SIDE BY SIDE MANAGEMENT

The Firm charges some Clients fees based on a share of positive returns of the client's assets under management. This fee, which varies by strategy and Client, generally consists of 10-20% of the Client's realized and unrealized investment returns over any agreed hurdle rate where applicable.

Performance-based compensation may create an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of the performance-based compensation. In addition, the performance on which performance-based compensation is calculated will include unrealized appreciation and depreciation of investments that may not ultimately be realized.

To the extent that Muzinich and its portfolio managers manage accounts that charge only investment management fees and accounts that also charge performance-based fees, the Firm and/or its portfolio managers may have a conflict of interest in that an account with a performance-based fee will offer the potential for higher profitability when compared to an account with only an investment management fee. Performance-based fee arrangements may also create an incentive to favor performance-based fee accounts over other accounts in the devotion of time, resources and allocation of investment opportunities.

To manage these potential conflicts, Muzinich has adopted a number of policies and procedures. These policies and procedures include (i) the Muzinich Compliance Manual, which reminds all employees of their duty to treat all clients fairly; (ii) trade allocation and aggregation policies which seek to ensure that investment opportunities are allocated fairly and equitably among clients over time without consideration of relative fee structures; and (iii) allocation and performance monitoring processes designed to identify potentially unfair or unequal treatment of accounts. See also "Item 11(b) – Participation or Interests in Client Transactions" and "Item 12(e) – Aggregation and Allocation of Trades."

ITEM 7: TYPES OF CLIENTS

Muzinich provides discretionary investment management services primarily to:

- onshore and offshore publicly and privately offered investment Funds, including investment companies registered under the U.S. Investment Company Act of 1940;
- institutions such as banks or thrift institutions, insurance companies, corporations or other forms of business entities, other asset managers, trusts, family offices, endowments, charitable institutions, pension funds and profit sharing plans and other institutions and high-net-worth individuals inside and outside the United States; and
- high net worth individuals.

We also manage accounts for our affiliates.

The minimum dollar amount of assets ordinarily required for the establishment of a Separate Account is \$25,000,000. The Firm, in its sole discretion, may waive investment minimums.

**ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES
AND RISK OF LOSS**

a) Methods of Analysis & Investment Strategies

Muzinich utilizes proprietary fundamental research to identify investment opportunities meeting our investment criteria. We evaluate each security based on the issuing company's overall credit risk such as cash flow coverage ratios, corporate asset values, the issue's seniority in the issuer's capital structure, the expected volatility of corporate cash flows and asset values, and the issue's particular credit covenants.

The Firm engages in in-depth credit analysis, believing that credit research, rather than credit engineering, is the long-term driver of attractive risk-adjusted returns.

Muzinich offers nine standard strategies; however we frequently provide clients with specific solutions according to their customized guidelines. A summary of our standard strategies is detailed below.

High Yield Credit

- **U.S. High Yield**
 - o Focuses on dollar denominated credits issued by North American corporations exclusively with an average minimum rating of BB/B or higher. Portfolios are typically diversified over more than 100 issuers and 20 industries with duration of approximately 4 years.
- **European High Yield**
 - o Focuses on Euro dominated credits issued by European corporations with a rating of BB/B, although the strategy may hold a limited amount credits below this rating. Portfolios are typically diversified over more than 50 credits and 15 industries with duration of approximately 4 years.
- **Global High Yield**
 - o Focuses on a combination of Euro, Dollar and Sterling denominated credits issued mostly by both North American and European corporations with a rating of BB/B. We may take limited emerging-market risk. The Global High Yield portfolios are typically diversified over more than 100 issuers and 20 industries with duration of approximately 4 years.

Short Duration Credit

- **Short Duration Corporate-Plus**
 - o This strategy has an average investment grade rating but can incorporate some high yield securities. It seeks to offer investors an attractive spread over two year government securities with a duration of less than two years. The strategy stresses safety of principal in both nominal and inflation adjusted terms. U.S. Short Duration Corporate Plus and European Short Duration Corporate Plus are available separately.
- **Short Duration High Yield**
 - o The short duration high yield strategy seeks to benefit from attractive yields in corporate high yield while helping investors largely protect themselves from the potential danger of rising long term interest rates. Average duration of the

portfolio is typically a maximum of 2 years. The strategy tends to focus on U.S. credits.

Corporate-Plus Credit

- **Corporate-Plus**

- The Muzinich Investment Grade-Plus strategy consists of a diversified portfolio of largely investment grade U.S. and European corporate credits coupled with some allocation to select high yield corporate credits. The strategy combines an investment grade core, enhanced by an allocation to BB/B bonds, maintaining an average investment grade rating. U.S. Investment Grade-Plus and European Investment-Grade Plus are also available separately.

Bank Loans

- **Bank Loans**

- This strategy consists of diversified portfolios of bank loans extended to corporate issues rated BB/B, with or without the application of leverage. The strategy seeks to generate attractive, inflation-adjusted returns through a research-driven investment process, focusing primarily on bank loans and floating rate debt instruments.

Long/Short Credit

- **Credit Hedge Fund Strategy**

- We offer a credit hedge fund strategy with the application of modest leverage and opportunistic shorting. The strategy focuses on U.S. corporate high yield bonds, European corporate high yield bonds, and US loans and may invest in other instruments such as investment grade corporate bonds and equities. Muzinich employs a variety of credit arbitrage strategies to seek additional return opportunities and dampen volatility. We stress liquidity and do not typically invest in deeply distressed credits.

Absolute Return

- **Global Tactical Credit (GTC)**

- GTC aims to deliver consistent absolute return performance under a variety of market conditions by investing across the entire corporate credit market spectrum. Tactical top-down allocations seek to allocate to the asset classes within corporate credit with the best relative value; bottom up fundamental credit research creates portfolios that seek to provide consistent returns with a focus on protecting the downside.

Sustainable Investments

- **High Yield Credit – ESG Overlay**

- This strategy targets long-term, low-volatility returns from investments in high yield corporate credit of creditworthy companies additionally screened for their adherence to improving standards of environmental sustainability, social responsibility, and good governance.

- **Corporate-Plus Credit - ESG Overlay**

- o This strategy targets long-term, low volatility returns from investments in corporate credit of creditworthy companies additionally screened for their adherence to improving standards of environmental sustainability, social responsibility and good governance. The strategy on average has an investment grade rating but may invest in some high yield credits.

b) Risks of Investment Strategies

Investing in general involves risk of loss that clients should be prepared to bear. Our principal investment strategies present the following material risks:

Debt Securities Risk. The risks of investing in debt securities include, without limitation: (i) credit risk -- the issuer may not repay the obligation created by the issuance of that debt security; (ii) maturity risk -- a debt security with a longer maturity may fluctuate in value more than one with a shorter maturity; (iii) market risk -- low demand for debt securities may have a negative impact on their price; (iv) interest rate risk -- when interest rates go up, the value of a debt security goes down, and when interest rates go down, the value of a debt security goes up; (v) selection risk -- the securities that the Firm selects may underperform the market or other securities selected by other investment managers; and (vi) prepayment or call risk -- the issuer may redeem a security by repaying it early, which may reduce the strategy's income, if the proceeds are reinvested at lower interest rates.

High Yield Security Risk. Investments in high yield securities can involve a substantial risk of loss. These securities, which are rated below investment grade, are considered to be speculative with respect to the issuer's ability to pay interest and principal and they are susceptible to default or decline in market value due to adverse economic and business developments.

Loan Participation Risk. Certain strategies may invest in bank loans. The sale and purchase of a bank loan are subject to the requirements of the underlying credit agreement governing the bank loan. These requirements may limit the eligible pool of potential bank loan holders by placing conditions or restrictions on sales and purchases of bank loans. In addition, the value of the collateral securing the loan may decline, causing a loan to be substantially unsecured. There may not be a readily available market for loan participation interests, which in some cases could result in the strategy disposing of such interests at a substantial discount from face value or holding such interests until maturity. In addition, there is also the credit risk of the underlying corporate borrower as well as the lending institution or other participant from whom the strategy purchased the loan participation interests.

Bank loans are not traded on an exchange and purchasers and sellers of bank loans rely on market makers, usually the administrative agent for a particular bank loan, to trade bank loans. These factors, in addition to overall market volatility, may negatively impact the liquidity of loans.

Liquidity Risk. Securities that are liquid at the time of purchase may subsequently become illiquid due to events relating to the issuer of the securities, market events, economic conditions or investor perceptions. Below investment grade bonds and bank loans may be less liquid than investment grade securities. The value of illiquid securities may reflect a discount from the market price of comparable securities for which a liquid market exists, and accordingly may have a negative effect on the value of a strategy's assets. To meet Client requests to withdraw

assets, we may be forced to sell securities at an unfavorable time and/or under unfavorable conditions.

Foreign Investment Risk. Investments in foreign securities are subject to risks that differ from investments in U.S. securities. These risks may include: fluctuating currency values; less liquid trading markets; greater price volatility; political and economic instability; less publicly available information about issuers; changes in tax or currency laws; and changes in monetary policy. Foreign securities may be more difficult to sell than U.S. securities. All of these risks may be greater in emerging market countries than in more developed countries.

Market Risk. The corporate credit markets can experience sharp and sudden price swings due to a variety of factors, including changes in securities regulations, swings in market psychology, volatility in the stock market, changing economic conditions, a highly publicized default, or changes in asset allocations by major institutional investors.

Currency Risk. The value of a client's assets may be affected favorably or unfavorably by changes in currency rates. Currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by the forces of supply and demand in the respective markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can also be affected unpredictably by intervention by governments or central banks (or the failure to intervene) or by currency controls or political developments. While the Firm may seek to hedge this risk through the use of foreign currency forward contracts, these contracts may not be effective in managing currency risk effectively. Also currency markets generally are not as regulated as securities markets.

Derivatives Risk. Certain strategies may use derivatives. The use of derivatives may increase the volatility of performance or affect the value of a strategy's assets and may involve a small investment of cash relative to the magnitude of risk assumed. The principal risk of forward commitments is that the security may be worth less when it is issued or received than the price the strategy agreed to pay when it made the commitment. The principal risks of swap agreements are that they may be difficult to value and may be susceptible to liquidity and credit risk. The principal risk of options transactions is that they may increase the volatility of or affect the value of the strategy's assets and may involve a small investment of cash relative to the magnitude of the risk assumed. Derivatives may also be subject to counterparty risk, that is, the risk that the other party in the transaction will not fulfill its contractual obligations.

Leverage Risk. Certain transactions and the use of derivatives such as foreign currency forward contracts, swaps and futures may create leveraging risk. Leverage may cause the Client's account to be more volatile than if the Client's account had not been leveraged. This is because leverage tends to exaggerate the effect of any increase or decrease in the value of the Client's securities. Only certain Clients may incur leverage.

Short Selling Risk. Certain strategies may sell securities short. If a security sold short increases in price, the strategy may have to cover its short position at a higher price than the short sale price, resulting in a loss. A strategy may have substantial short positions and must borrow those securities to make delivery to the buyer. The strategy may not be able to borrow a security that it needs to deliver or it may not be able to close out a short position at an acceptable price and may have to sell related long positions before it had intended to do so. Thus, strategy may not be able

to successfully implement short sales due to limited availability of desired securities or for other reasons.

Equity Securities Risk. Certain strategies may invest in, sell short, or hold equity securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions and general economic environments.

ITEM 9: DISCIPLINARY INFORMATION

The Firm and its supervised persons have not been involved in any legal or disciplinary events that are material to a Client's or potential Client's evaluation of our advisory business or the integrity of the Firm's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

a) Registered Broker-Dealer or Registered Representative

Muzinich owns a 90% interest in Parkbrook Capital LLC (“Parkbrook”), a FINRA registered broker-dealer authorized only to engage in the business of private placement transactions. Parkbrook may in the future act as a placement agent for private funds for which Muzinich acts as investment manager, but Muzinich does not at this time intend to compensate Parkbrook for these activities. Certain related persons of the Firm are registered representatives of Parkbrook. The Firm does not place any Client trades through Parkbrook.

b) Business Relationships with Certain Related Persons

- Muzinich is the parent company of Muzinich & Co. Ltd, a United Kingdom-based investment adviser (the “London Adviser”). The London Adviser may act as a sub-adviser for certain Client accounts, and the Firm may act as a sub-adviser for certain of the London Adviser’s client accounts. The London Adviser is regulated by the UK Financial Services Authority. The London Adviser has a branch office in Paris, France and a wholly-owned client service office in Cologne, Germany.
- Muzinich is the parent company of Muzinich & Co. (Ireland) Limited (the “Ireland Management Company”), a fund management company that is domiciled in Ireland and is regulated by the Central Bank of Ireland. The Firm serves as investment manager or sub-investment manager for offshore Funds for which the Ireland Management Company is the manager.
- Muzinich is the investment advisor or investment sub-advisor to mutual funds registered under the Investment Company Act of 1940.
- Muzinich is the investment manager for private investment funds for which a related person may act as general partner, manager, managing member or director or in a similar capacity.
- Related persons of Muzinich may have a substantial interest in some of the Funds for which Muzinich is investment manager. Conflicts may arise as to the allocation of investment opportunities among these Funds and our other Clients.

We have policies and procedures in place to make sure that all of our Clients are treated fairly over time and that no Client account receives preferential treatment in the allocation of investment opportunities. See “Item 6 - Performance-Based Fees and Side-by-Side Management,” above, and “Item 12 – Brokerage Practices; Aggregation and Allocation of Trades,” below.

- Muzinich owns a 90% interest in Crosswater Realty Advisors LLC (“Crosswater”), which offers real estate consulting services to pension funds and other similarly situated entities. Muzinich and Crosswater operate independently of each other and have no business relationship other than Muzinich’s ownership interest.

**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTERESTS IN CLIENT TRANSACTIONS,
AND PERSONAL TRADING**

a) Code of Ethics

The Firm has adopted a Code of Ethics (the “Code”) which is designed to set forth the general fiduciary principles governing employees, require compliance with the federal securities laws, and assist employees in detecting and managing conflicts of interest. It also describes policies on personal trading by Firm employees. The Code is further supported by a number of policies addressing specific potential conflicts and other matters, such as the Firm’s policies concerning Insider Trading and Gifts and Entertainment.

We permit our employees to engage in personal securities transactions. These transactions raise potential conflicts of interests, including when they involve securities owned or considered for purchase or sale by or on behalf of a Client account. Potential conflicts of interest may arise in connection with, for example, an employee’s knowledge and timing of transactions, investment opportunities, broker selection, portfolio holdings and investments. We manage these potential conflicts by requiring that any transaction be made in compliance with our Code.

The Code imposes specific requirements concerning employees’ personal security investments, including but not limited to:

- Quarterly, employees must report personal securities transactions in Covered Securities, which excludes certain securities such as US government securities and open-end mutual funds (other than mutual funds managed by the Firm);
- Employees must report all holdings annually;
- Employees may not trade for their personal accounts while in possession of material, non public information;
- Employees may not trade for their personal accounts in securities of issuers that appear on our Restricted List; and
- With certain exceptions for circumstances where the Firm believes the possibility of a conflict is remote, employees must receive prior approval from the Chief Compliance Officer or his or her delegate prior to engaging in a transaction in a Covered Security, and prior to purchasing a security in an initial public offering or a private offering.

All Clients and prospective Clients may obtain a copy of the Firm’s Code of Ethics by writing or calling the Firm as follows:

Muzinich & Co., Inc.
Attn: Chief Compliance Officer
450 Park Avenue
New York, NY 10022
(212) 888 3413

b) Participation or Interests in Client Transactions; Investment in Securities Recommended to Clients

Employees of Muzinich and its affiliates may invest in securities that they also recommend to Clients. They also may give advice and take action with respect to Client accounts they manage, or for their own accounts, that may differ from action taken, or the time or nature of the action taken, by the Firm or its affiliates on behalf of other Client accounts. Muzinich is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Muzinich or its affiliates or their respective employees may buy or sell for their own accounts or for the accounts of any other Client.

Additionally, in certain circumstances, such as when it makes investments in certain bank loans on behalf of certain Client accounts, the Firm may come into possession of material, non-public information about an issuer. In these instances, Muzinich typically adds the issuer to its Restricted List and would be prohibited from communicating such information to Clients or purchasing or selling securities of such issuer for a Client while the issuer remains on the Firm's Restricted List. In these circumstances, we have no responsibility or liability to the Client for not disclosing the information to the Client (or the fact that we possess such information), or not using such information for the Client's benefit, as a result of following our policies and procedures or applicable law.

Muzinich may take positions in securities for the accounts of certain Clients that it concludes are inappropriate for other of its Clients. For instance, Muzinich may take short positions in the equity securities of certain issuers for the account of a Client at the same time that other Client accounts hold or acquire the securities and/or leveraged loans of such issuers. Moreover, Muzinich is not precluded from investing in securities of a company held in some of its Client accounts in which other of its Clients have senior or subordinated rights relative to the other, or vice versa. As a result of the foregoing, Muzinich may have conflicts of interests in allocating investments among Client accounts. We seek to manage these conflicts by allocating transactions among accounts in a manner that we determine is fair and equitable under the circumstances and in accordance with our policies and procedures regarding trade allocations. See "Item 6 – Performance Based Fees and Side by Side Management" and "Item 12 – Brokerage Practices; Aggregation and Allocation of Trades" for further information.

Although the majority of trades made for Clients are executed through the open market, when Muzinich believes it is in the best interest of all Clients involved, it may engage in "cross trading" – a transaction where one or more Clients purchases securities from one or more other Clients. In such circumstances, the Firm may select an unaffiliated third party broker-dealer to facilitate the cross trade, but Muzinich will receive no transaction-based compensation from the transaction. Where a Fund registered under the Investment Company Act of 1940 is involved, the transaction will be executed in accordance with the provisions of Rule 17a-7 under that Act. In other cases, the transaction will be executed in a manner, and at a price, that Muzinich believes to be fair for all involved Clients. The Firm has adopted procedures to seek the fair treatment of Clients in cross trades, including procedures that prohibit Funds in which Muzinich or its employees hold more than a 25% interest from participating in cross trades.

Muzinich, its affiliates, its employees, and employees of its affiliates may own shares or units of Funds for which Muzinich or its affiliates act as investment manager or in some other capacity. Therefore a potential conflict of interest exists when allocating trades, correcting errors, engaging in cross transactions or otherwise making investment decisions on behalf of these Funds. These potential conflicts are greater when purchasing securities that are limited in supply or selling securities that have limited liquidity. However, these Funds are considered Clients and are treated in the same fashion of all other Clients of the firm and are subject to all of Muzinich's policies and procedures, including those described in this Item 11 and in Item 12.

ITEM 12: BROKERAGE PRACTICES

a) Selection of Broker-Dealers

In placing orders for purchase and sale of securities and selecting broker-dealers to effect transactions, Muzinich seeks prompt execution of orders at the most favorable prices reasonably obtainable and in doing so will consider a number of factors, including, without limitation, the overall direct net economic result to the client, the financial strength, reputation and stability of the broker-dealer, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the settlement capabilities of the broker-dealer and the willingness of the broker-dealer to stand ready to execute possibly difficult transactions in the future. After giving account to all of these considerations, the Firm may cause an account to pay commissions or spreads which may not be the lowest available but which ordinarily will not be higher than the generally prevailing competitive range.

b) Soft-Dollars Arrangement

As a matter of policy, Muzinich does not pay higher commission or mark-up prices or direct trades to a particular broker-dealer in order to receive research or other services. Such arrangements are normally known as “soft dollar arrangements.”

c) Brokerage for Client Referrals

Muzinich does not consider, in selecting or recommending a broker dealer, whether the Firm or a related person receives client referrals from that broker-dealer.

d) Directed Brokerage

Typically, the Firm does not accept clients who require us to execute transactions through a specific broker-dealer. Clients may however provide an approved list of broker-dealers for their account. The Firm will use such broker-dealers subject to our determination that these broker-dealers provide best execution of Client transactions. However, to the extent that the Firm places an aggregated order through a broker-dealer that is not on a Client’s approved list but which the Firm believes will provide best execution for the order, the Client would not participate in that order and the Firm would have to place the order for the Client through one of the Client’s approved broker-dealers. As a result the Client might pay a higher price or receive a lower price for the same security than those Clients who participated in the aggregated order. Thus restricting the broker-dealers that the Firm may use to effect transactions for its account may cost the Client money.

e) Aggregation and Allocation of Trades

When orders to purchase or sell the same securities on identical terms are placed on behalf of more than one account managed by Muzinich or its affiliates at the same time through the same broker/dealer, they are typically averaged as to price and allocated as to amount in accordance with the order actually placed for each account. Such orders are combined when possible to

facilitate best execution by reducing overall transaction costs. In cases where only part of an order is filled, securities are allocated to accounts in a manner which Muzinich deems equitable, which may include pro rata or certain other methods such as a rotation process. In certain limited circumstances, Muzinich may also select certain clients to participate in a partially filled order based upon criteria that it deems significant, including, without limitation: (a) the need for, or availability of, cash to complete the transaction; (b) whether the transaction would result in a meaningful position for the client's account; (d) whether a client's account is under or over-weighted with respect to a particular security, industry or sector in comparison to other accounts in the order; (e) the availability of an alternative investment in the same security or industry; and (f) minimum lot sizes required by the issuer of the security.

New Issues and Other Limited Opportunities

Muzinich may invest Client assets in new bond or loan issues ("new issues"). New issues frequently are in great demand and available only in limited quantities. Moreover, new issues can trade at a premium shortly after issuance. Because these factors subject new issues to potential abuse, Muzinich seeks to ensure that new issues are allocated in a fair and equitable manner. Each portfolio manager will determine whether to participate in a new issue for some or all of his or her Client accounts. This decision as to whether to participate in a new issue and to what extent will be based upon factors such as, without limitation: (i) the investment strategy or the investment parameters associated with the strategy used to manage the Client accounts; (ii) the merits of the investment proposition; (iii) whether the risks of investing in a new issue are appropriate for the Client accounts; and (iv) Client guidelines or legal restrictions.

A portfolio manager may decide not to participate in a particular new issue based on the merits or profile of the investment opportunity. Many Muzinich investment strategies are relative-value oriented and long-term in nature. When considering whether to invest in a new issue, the portfolio manager may weigh the investment proposition against the potential for gain from the existing holdings in the strategy and the other costs associated with the transactions, including transaction implementation costs related to selling positions to pay for the new issue. Many Muzinich strategies do not invest in new issues on a regular basis, while certain strategies, particularly certain of Muzinich's alternative investment strategies, do. New issues may trade at a premium over the new issue price shortly after its issuance. Consequently, those strategies that regularly invest in new issues (including strategies used to manage Muzinich's hedge funds) may be able to quickly sell new issues and may therefore significantly benefit from such investments, while those strategies that do not regularly invest in new issues will not.

Because orders for new issues are often only partially filled, accounts participating in the original order may receive only a portion of the amount requested or may not receive any allocation at all. In these cases, Muzinich follows the aggregation and allocation policies described above.

Loans

In certain circumstances, loan transactions may be allocated in a manner different than that described above. In particular, if portfolio managers seek to purchase for Client accounts a particular loan that is being issued to replace or refinance an existing loan and some Client

accounts already own the existing loan, the accounts that own the existing loan may receive priority with respect to the new loans, up to the amount of their current holdings. This means that other Client accounts may not have the opportunity to purchase the loan in question if the accounts that already hold loans of that issuer, do not receive a sufficient allocation from the borrower or their agent.

ITEM 13: REVIEW OF CLIENT ACCOUNTS

a) Client Account Reviews

Our portfolio managers review Client portfolios on a regular basis in light of Client objectives and guidelines and in response to market events and the Firm's general policies and strategies. In addition, the portfolio managers meet regularly to consider economic, market and general investment matters not related to specific Client accounts. No single Client account is the sole responsibility of any one portfolio manager. Members of the Firm's portfolio risk analytics group review portfolios at least monthly to monitor performance consistency among Clients with similar objectives.

In addition, the Firm has tools at its disposal to assess and monitor overall compliance of Client accounts with their stated investment objectives. For example, we have front-end and back-end compliance systems that have automated controls to help review investment transactions to confirm they are made in accordance with Client investment mandates. We have also developed reports from our portfolio accounting system to assist in performing next day reviews.

b) Client Reports

Separate Account Clients receive regular monthly reports. These reports provide information on account size or account balances, monthly performance, market commentary, portfolio composition, values and other information designed to provide clients with an assessment of their portfolios.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

The Firm compensates some third parties for client referrals. Before making payments for any client referral, the Firm requires each such third party to enter into a written referral agreement. Third party referrers are required to disclose to potential clients the relationship between the referrer and Muzinich. Potential clients are required to acknowledge they have been informed of the referral arrangement, including the type and amount of compensation, prior to Muzinich accepting the Client's account.

Referral fees are generally a percentage of the annual management fees, incentive allocation, or a combination thereof, earned by the Firm on referred accounts, but may also include a retainer payment. The referral fees do not result in additional expenses to the referred Client.

ITEM 15: CUSTODY OF CLIENTS' CASH AND SECURITIES

We or an affiliate may, among other things, act as general partner to private investment Funds for which we serve as investment manager. Such powers may cause us to be deemed to have custody of the private investment Fund's assets for purposes of SEC rules and regulations. Accordingly, to meet the requirements of these rules and regulations, private investment Funds for which we serve as investment manager are subject to an annual audit in accordance with generally accepted accounting principles conducted by an independent public accountant registered with the Public Company Accounting Oversight Board and the audited financial statements are distributed to investors in the private investment funds within 120 days of the end of the Funds' fiscal year.

With respect to Separate Account Clients, we do not have custody of securities or other assets. Clients select their own qualified custodians, such as banks or broker-dealers, to maintain Client funds or securities. Clients receive account statements directly from their custodians. Clients should carefully review those statements. In addition, Clients receive account statements from the Firm. The Client is encouraged to compare the Firm's accounts statements to those received from the Client's custodian. There may be differences in market values between the Firm's account statements and the custodian's account statement for various reasons. For example, the Firm and the Client's custodian may use different pricing sources to value securities held in the portfolio. Other differences may result from different dates being used to value securities (such as on a trade date versus settlement date basis) or may be due to the custodian's policies for handling certain assets or changes in the values of certain assets. To the extent a Client identifies such a discrepancy, the Client may call the Firm for an explanation.

ITEM 16: INVESTMENT DISCRETION

Subject to each Client's established guidelines, limitations or restrictions, Muzinich generally has the authority to determine for each client account: (a) which securities are to be bought or sold; (b) the total amount of securities to be bought or sold; (c) through which broker-dealers those securities are to be bought or sold; and (d) the commission rates or spreads to be paid for each transaction. Authority is typically granted in an investment management agreement signed by the Client and the Firm. For Separate Account Clients, limitations and restrictions are included in the investment management agreement. For Fund Clients, limitations and restrictions are typically included in the Fund's offering documents.

ITEM 17: VOTING CLIENT SECURITIES

a) Firm Proxy Voting Authority

From time to time companies in which the Firm invests may submit certain matters to a vote of its security holders. The right to vote is usually exercised through a document called a proxy where the security holder enters its vote.

The Firm has adopted Proxy Voting Policies and Procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies are voted prudently and solely in the best interest of our Clients. According to our policy, the Firm will generally vote in accordance with management's recommendations in order to support the ability of management to run its business in a responsible and cost effective manner while staying focused on maximizing shareholder value. In the event that a conflict of interest exists between management's recommendation and the Firm or its Clients, the Firm will vote in the manner which in its judgment and sole discretion is in the best interest of its Clients.

Clients may obtain a copy of our Proxy Voting Policies or a record of our proxy votes by calling (212) 888-3413 or by writing to us.

b) Client Proxy Voting Authority

Clients who do not grant Muzinich discretion to vote proxies on their behalf are responsible for voting their own proxies and, if they desire to do so, must arrange to receive proxy materials from the relevant custodians or transfer agents. Muzinich does not provide any proxy related information, or advice as to how to vote proxies, to these Clients.

ITEM 18: FINANCIAL INFORMATION OF THE ADVISER

This item requires disclosure of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients. Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.