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

**ITEM 1 – COVER PAGE**

**CRAYHILL CAPITAL MANAGEMENT LP**

**August 10, 2015**

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Crayhill Capital Management LP  
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New York, NY 10171  
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This brochure provides information about the qualifications and business practices of Crayhill Capital Management LP. If you have any questions about the contents of this brochure, please contact us at (917) 742-9655. 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.

Crayhill Capital Management LP is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about Crayhill Capital Management LP also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 – MATERIAL CHANGES**

As this is the initial Form ADV Part 2A filing for Crayhill Capital Management LP, there are no material changes to report. In the future, this section will discuss material changes made to the brochure and provide a summary of such changes.

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. General Description of the Advisory Firm**

Crayhill Capital Management LP (“Crayhill” or the “Firm”) is an investment adviser organized as a Delaware limited partnership that was formed in July 2015 and is based in New York, NY. Carlos Mendez and Joshua P. Eaton are the principal owners of the Firm (the “Principals”).

This Part 2A is written to discuss the investment advisory services the Firm intends to engage in upon being deemed effective as a registered investment adviser.

### **B. Description of Advisory Services**

Crayhill provides non-discretionary investment advisory services to Magnetar Solar Opportunities Master Fund Ltd and Magnetar Solar Holdings (Cayman) LP (together, the “Solar Fund”) through a sub-advisory agreement (the “Solar Sub-Advisory Agreement”) by and between the Firm, the Solar Fund, certain officers and directors of the Firm and Magnetar Financial LLC (the “Investment Manager”). The Investment Manager has full discretionary power and authority over the management of the Solar Fund’s assets, including the right to retain one or more sub-advisers. The Solar Fund is a closed-end fund that is not currently accepting additional capital commitments.

The sub-advisory services provided by the Firm to the Solar Fund are provided with respect to limited types of investments. The Solar Fund invests in a variety of primarily large-scale solar photovoltaic (“PV”) power generation projects (“Solar PV Assets”) in the United Kingdom (the “UK”) and other global locales. Crayhill seeks to recommend a portfolio of Solar PV Assets for the Solar Fund that presents strong relative value and stable cash flows in a differentiated asset class. The Solar Fund may utilize a broad range of debt securities, equity securities, equity-linked securities and notes, derivatives and other financial instruments, and investments may be hedged using a variety of financial instruments.

### **C. Tailored Advisory Services**

Crayhill provides non-discretionary investment advisory services to the Solar Fund in accordance with the Solar Fund’s investment objectives and limitations. The investment objectives and limitations for the Solar Fund are outlined in the offering memorandum and other governing documents, which include but are not limited to subscription agreements, side letters and investment management agreements.

### **D. Wrap Fee Programs**

Crayhill does not participate in wrap fee programs.

### **E. Assets Under Management**

Upon effectiveness of its registration as an investment adviser with the SEC, Crayhill expects to manage approximately \$860 million in client assets (including committed but undrawn capital), all of which are managed on a non-discretionary basis pursuant to the Solar Sub-Advisory Agreement.

## **ITEM 5 – FEES AND COMPENSATION**

### **A. Fees**

Crayhill's fee schedule is omitted because this brochure is only being delivered to qualified purchasers as defined in the Investment Company Act of 1940. Crayhill is compensated by the Investment Manager for the advisory services provided to the Solar Fund as provided for in the Solar Sub-Advisory Agreement. Such compensation is paid to Crayhill on a monthly basis. The Principals are also entitled to receive a percentage of the incentive compensation (the "Carried Interest Distribution") received by the Investment Manager or its affiliates from the Solar Fund.

### **B. Charging Fees**

The Investment Manager primarily deducts fees from client assets or, from time to time, may bill clients for fees incurred. Such fees, including incentive fees and the Carried Interest Distribution, are generally paid quarterly in arrears. Carried Interest Distributions, where applicable, are payable after investors have received a return of their capital contributions (or some other contractually-specified return or distribution).

Crayhill receives compensation from the Investment Manager monthly for sub-advisory services rendered in accordance with the Solar Sub-Advisory Agreement.

### **C. Other Fees and Expenses**

In addition to compensation payable to Crayhill, and in some cases subject to certain limitations, the Solar Fund pays its own investment, administrative and operating expenses, including: brokerage commissions and other transactional costs, fees and expenses; interest expense; research and due diligence expenses, including related travel expenses; administrative, custodial, legal, compliance, regulatory reporting, accounting, valuation, tax and audit expenses; consulting fees and expenses; fees and expenses of valuation agents and investor representatives, if any; expenses relating to the licensing, development, implementation and/or monitoring of software and data; insurance costs; taxes; costs and expenses related to the offer and sale of Solar Fund shares or interests; expenses incurred as a result of the Solar Fund's indemnity obligations; all expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding; and extraordinary expenses.

The Solar Fund may incur brokerage and other transaction costs. Please see Item 12 for a further description of such brokerage costs.

### **D. Timing of Fee Payments**

As described above, fees are generally paid by clients to the Investment Manager quarterly in arrears. Accounts initiated or terminated during the relevant periods are charged pro-rated fees.

As described above, Crayhill receives compensation from the Investment Manager for sub-advisory services, payable monthly within ten days of month-end in accordance with the Solar Sub-Advisory Agreement.

### **E. Payments to Supervised Persons**

Neither the Firm nor any of its supervised persons directly or indirectly receive any compensation from the sale of securities or other investment products.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Principals receive a Carried Interest Distribution (subject to certain vesting provisions) equal to a percentage of the Solar Fund's distributions. The distribution is payable to the Principals after investors have received a return of their capital contributions to the Solar Fund.

## **ITEM 7 – TYPES OF CLIENTS**

Crayhill provides investment advisory services to a pooled investment vehicle. Currently, the Firm provides non-discretionary investment advice to the Solar Fund. Investors in the Solar Fund may include pension plans, foundations, funds of funds, other institutional investors and high net worth individuals. The minimum initial investment in the Solar Fund is generally \$5 million.



## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### A. Methods of Analysis and Investment Strategies

Crayhill's strategy with respect to the Solar Fund is to recommend Solar PV Assets in the UK and other global locales, seeking to build a portfolio that presents strong relative value and stable cash flows in a differentiated asset class. Crayhill will generally target Solar PV Assets at the shovel-ready stage in the project's life cycle, although investments may be made at earlier stages. Crayhill believes that acquiring Solar PV Assets at this early stage where financing typically is more scarce and expensive relative to financing available after project completion will permit the structuring and exercising of more optimal terms. The Solar Fund has and will primarily invest in Solar PV Assets in the UK initially, where the Firm believes conditions are favorable. Additional projects in the solar PV industry are expected to remain available, and the Solar Fund will likely continue to consider such opportunities for investment. The Solar Fund may utilize a broad range of debt securities, equity securities, equity-linked securities and notes, derivatives and other financial instruments, and investments may be hedged using a variety of financial instruments.

Although the Solar Fund's assets are expected to consist predominantly of Solar PV Assets, there are no material restrictions on the strategies, financial products, leverage, markets or jurisdictions in which the Solar Fund may invest or the percentage of the Solar Fund's assets that may be committed to any particular strategy, market or instrument, except as set forth in the Solar Fund's offering documents. The Solar Fund's portfolio may differ materially over time, the strategies implemented for the Solar Fund may continually evolve and the Solar Fund may implement its strategy in different jurisdictions over time. There can be no assurance that the Solar Fund will achieve its investment objective.

Investing in securities involves a risk of loss that investors should be prepared to bear. The following is a summary of some of the material risks associated with the strategies Crayhill employs on behalf of the Solar Fund. This summary does not attempt to describe all of the risks associated with an investment in the Solar Fund, or even all risks associated with the strategies employed by the Solar Fund. Although no summary can fully describe all of the risks associated with an investment in the Solar Fund, the confidential private placement memoranda for the Solar Fund will contain a more complete description of these risks.

There can be no assurance that Crayhill will achieve the objectives of the Solar Fund. Investors may lose all or substantially all of their investment in the Solar Fund.

### B. Types of Risks

#### General Risk Factors

##### ***Energy Strategy Risks***

The energy markets and energy-related markets are susceptible to significant short-term price volatility, potentially to a greater extent than the financial instruments markets, as a result of a variety of factors, including political as well as weather-related events, rate and tariff regulation and consumer advocacy. The energy markets are also subject to price volatility as a result of breakdowns in the facilities necessary to produce, transport, store and deliver physical energy.

##### ***Hedging Risks***

Crayhill will not, in general, attempt to hedge all market or other risks inherent in the Solar Fund's positions, and will hedge certain risks, if at all, only partially. Specifically, Crayhill may choose not, or may determine that it is economically unattractive, to hedge certain risks, either in respect of particular positions or in respect of the Solar Fund's overall portfolio. The Solar Fund's portfolio composition may result in various directional market risks and other risks remaining unhedged.

#### ***Privately Held Company Risks***

Investing in privately-held companies involves risk. For example, privately-held companies are not subject to SEC reporting requirements, are not required to maintain their accounting records in accordance with GAAP and are not required to maintain effective internal controls over financial reporting. As a result, Crayhill may not have timely or accurate information about the business, financial condition and results of operations of the privately-held companies in which the Solar Fund invests.

#### ***Equity Securities Generally***

The Solar Fund may invest in equity securities. Numerous inter-related and difficult-to-quantify economic factors, as well as market sentiment, subjective and extraneous political, climate-related and terrorist factors, influence the performance of equities. There can be no assurance that the Firm will be able to anticipate future performance correctly. The Solar Fund's equity positions may be leveraged, and even comparatively minor adverse market movements can result in substantial losses.

#### ***Non-U.S. Securities***

Investing in securities of non-U.S. entities that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the U.S. government or of entities organized or domiciled in the United States. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, non-U.S. government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

#### ***Infrastructure Companies***

Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political, legal and other conditions or events affecting such entities. Infrastructure related companies are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with compliance, changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of economic slowdown, the effects of surplus capacity, increased competition from other providers of services and other factors. Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, government budgetary constraints, service interruption and/or legal challenges due to environmental, operational or other conditions or events and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. There is also the risk that corruption may negatively affect publicly-funded infrastructure projects, especially in foreign markets, resulting in work stoppage, delays and cost overruns.

Other factors that may affect the operations of infrastructure-related companies include innovations in technology that could render the way in which a company delivers a product or service obsolete, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of environmental damage due to a company's operations or an accident, and general changes in market sentiment towards infrastructure assets.

### **Risks Associated with the Solar Fund**

The Solar Fund makes highly speculative investments and is not intended as a complete investment program. It is designed only for sophisticated persons who fully understand and are able to bear the economic risk of the total loss of their investment in the Solar Fund and who have no need for liquidity in their investment. The Solar Fund may be subject to material risks in addition to those described herein.

#### ***Lack of Liquidity/Valuation***

Lack of liquidity can make it difficult or impossible for the Solar Fund to purchase or sell securities or other assets at desired prices or in desired quantities, as a result of which, among other things, it may be economically unfeasible for the Solar Fund to recognize profits on open positions or to close out open positions against which the market is moving. In particular, sales of illiquid instruments may be possible only at a substantial discount. In addition, such instruments may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in the Solar Fund's investment analysis, as the fewer transactions that take place the greater the risk of market values not reflecting true pricing relationships or fair value. Due to the less liquid nature of most of the investments in which the Solar Fund will invest, the Firm is unable to predict with confidence that any particular exit strategy will be available for certain investments. There can be no assurance that the Solar Fund's assets will be liquidated or that investors will receive distributions in a timely fashion following the expiration of the Solar Fund's term.

#### ***Uncertain Exit Strategies***

Due to the less liquid and long-term nature of most of the investments in which the Solar Fund will invest, the exit strategies are limited and the Firm is unable to predict with confidence that any particular exit strategy will be available. Upon the expiration of the Solar Fund's term (the "Term") and subject to the Firm's obligation to attempt to auction the Solar Fund's assets as described in the Solar Fund's offering documents, the Firm is under no obligation to liquidate the Solar Fund's assets within any specific timeframe, although the Firm will continue to use commercially reasonable efforts to do so in a timely fashion. Solar PV Assets generally are illiquid, have natural lives longer than the Solar Fund's Term and may be difficult to sell, all of which factors suggest that it may take the Firm a considerable amount of time following the expiration of the Term to liquidate the Solar Fund's assets, thereby delaying distributions of cash or marketable securities to investors. There can be no assurance that the Solar Fund's assets will be liquidated prior to, or even shortly after, the expiration of the Term or that investors will receive distributions of cash, marketable securities in a timely fashion following the expiration of the Term.

#### ***Concentration***

The Solar Fund will invest in solar energy-related assets. As such, the Solar Fund's portfolio will be concentrated in a single industry and may also be relatively concentrated with respect to types of securities and issuers. In addition, the Solar Fund's investment portfolio at times may be relatively concentrated with respect to a particular geographic market or markets (such as the UK) or with respect to certain types of solar-energy investments. Even where the Solar Fund's investment portfolio is not concentrated with respect to particular geographic markets, from time to time multiple geographic markets could move in

tandem against the Solar Fund's positions, and the Solar Fund could suffer substantial losses. Accordingly, the investment portfolio of the Solar Fund may be subject to more rapid change in value than would be the case if the Solar Fund were required to maintain a wider diversification among types of securities, issuers and geographic areas. Because the Solar Fund's focus is relatively narrow, the portfolio of the Solar Fund will be more concentrated than the portfolios of multi-strategy alternative investment vehicles which may expose the portfolio of the Solar Fund to higher volatility, greater mark-to-market fluctuations and greater risk of loss than other investment vehicles with portfolios that are not as concentrated.

### ***Use of Leverage***

The Solar Fund expects to utilize leverage in its investing activities. Such leverage may take the form of bank borrowings, swaps and other derivatives as well as trading on margin, repurchase agreements, futures, structured finance vehicles and other means, subject to the availability of leverage in the marketplace on acceptable terms. There is no internal limitation on the amount of leverage that may be utilized in the Solar Fund's investing activities or the manner in which such leverage may be obtained or structured. Further, the Solar Fund is not required to utilize any minimum leverage amount.

### ***Significant Operational Oversight***

The Solar PV Assets in which the Solar Fund invests will require significant maintenance and operational and administrative oversight in order to retain and/or increase their values. Initially, the Firm expects that such maintenance and operational services will be provided by independent third-party service providers and that the Solar Fund will indirectly bear the costs of such services. If the Solar Fund's portfolio of Solar PV Assets grows and scale is achieved, the Solar Fund may seek to create or purchase a business that will directly provide the Solar Fund's Solar PV Assets with such services, rather than outsourcing such services to an independent third-party. The Firm believes that restructuring the provision of services to the Solar PV Assets in such a manner may significantly reduce the expenses to which the Solar Fund is indirectly subject. There can be no assurance, however, that the Solar Fund's portfolio of Solar PV Assets will grow and achieve the necessary scale for the Firm to implement the restructuring of services effectively. In addition, even if the Solar Fund's portfolio of Solar PV Assets achieves such necessary scale, there can be no assurance that the Firm will determine to implement such restructuring and, if it does, that the Firm will achieve the anticipated cost efficiency.

## **Risks Associated with Solar Energy-Related Assets**

### ***General Risks Relating to Investments in the Solar Energy Industry***

Companies engaged in the solar energy industry may be significantly affected by increased competition from new and existing market entrants, technological developments, obsolescence of technology and short product cycles. In addition, the solar energy industry is at a relatively early stage of development and the extent to which solar energy will be widely adopted is uncertain. Companies in this industry may also be significantly affected by general economic conditions such as varying prices and profits, commodity price volatility, changes in exchange rates, imposition of import controls, depletion of resources, fluctuations in energy prices and supply and demand of alternative energy fuels, energy conservation, labor relations and tax and other government regulations. Investments in companies involved in the solar energy industry have historically been more volatile than investments in companies operating in more established industries. If government subsidies and economic incentives for alternative energy sources, particularly solar power, are reduced or eliminated, or if there is uncertainty as to whether such subsidies and incentives will be continued, the demand for solar energy may decline and cause corresponding declines in the revenues and

profits of companies engaged in the solar energy industry. In addition, changes in government policies towards solar energy technology also may have an adverse effect on the Solar Fund's performance.

***Volatility of Solar PV Equipment Prices***

Solar PV equipment prices may increase or decrease for a wide variety of reasons. Such changes would generally be expected to produce corresponding changes in the value of green benefits available to new renewable power generation projects, although this may not always be the case. Prices for solar PV equipment are influenced by a number of factors, including the price and availability of raw materials, global and regional demand for PV equipment and any import duties that may be imposed on PV equipment. Changes in the cost of solar PV equipment could have a material adverse effect on the Firm's ability to source projects that meet the Solar Fund's investment criteria.

***Uncertain Political Backing for Renewable Energy Support Regimes***

If the UK government, EU, and international support for reducing greenhouse gas emissions, including obligations and incentives for the development of renewable energy, were to decline, whether on a retrospective or prospective basis, the Solar Fund's performance could be materially adversely affected. Changes could occur for various reasons, including the adoption of a different energy mix, the discovery or invention of a more preferred fuel and/or source of energy, a change to the fiscal status of sovereign states or a decline in or political public support for renewable energy.

***Possible Changes to Renewable Energy Permitting Policies***

Solar PV plants require an extensive permitting process to secure approvals for construction, grid connection and operation. For example, development of a project will require planning permission from the local authorities and may require an environmental impact assessment depending upon the size and impact of the proposed project. Any change to permitting policies and procedures or any delays in such permitting process may reduce the number of solar PV plants in the market and consequently reduce the number of investment opportunities available to the Solar Fund.

***Risks Relating to Investing in Solar PV Assets at the "Shovel-Ready" Stage***

Investing in Solar PV Assets at the "shovel-ready" stage, rather than after plan accreditation stage, involved certain incremental risks. Specifically, such investments are subject to the risk that necessary permitting will be delayed, components will not be available, contractors will not have sufficient labor as well as other general construction risks, which may cause the project not to be completed on time, on budget or to specification. Further, even once a solar power project is complete, the project may fail to be "grid-connected" or power output may fall below expected specification. In addition, investing in shovel-ready solar power projects subjects the Solar Fund to the risk that the project will fail to receive all necessary accreditations, thus being ineligible for certain government subsidies. While the Firm believes that investing in shovel-ready Solar PV Assets presents a favorable overall risk/reward ratio for the Solar Fund, the occurrence of any of the foregoing likely would materially adversely affect the Solar Fund's performance.

***Lack of Information Regarding the Solar PV Assets***

Generally, very little public information exists regarding the Solar PV Assets that the Solar Fund will seek to acquire and accordingly, the Solar Fund will be required to rely on the ability of its service providers, consultants and other personnel to obtain adequate information to evaluate a particular Solar PV Asset. These parties may be subject to conflicts of interest in participating in solar investments. Any failure to uncover all material information regarding a Solar PV Asset may have a material adverse effect on the Solar Fund's business and, ultimately, investor returns.

***Uncertain Regulation Concerning Solar PV Assets***

The solar PV sector currently relies upon specific regulatory support to provide preferential treatment, including premium prices on electricity production, for solar PV producers. Such support has been legislated, in part, based upon a growing public and political support for solar and other renewable energy sources, due in particular to increasing public and political concerns about climate change, environmental sustainability and energy security. A change in public attitude to solar PV or renewable energy installations may result in an increase in regulatory risk to operating solar PV installations, due to, among other things, opposition to the cost burden created by solar PV production relative to alternative conventional energy sources, the appearance or environmental impact of solar PV plants or the benefits to certain investor groups, perceived to be granted at the expense of the public. There can be no guarantee that changes in public attitude will not result in a loss of actual or perceived value of investments or to a reduced number of attractive investment opportunities available to the Solar Fund.

**C. Risks in Recommending a Particular Type of Security**

Crayhill does not recommend primarily a particular type of security.

**ITEM 9 – DISCIPLINARY INFORMATION**

In the past ten years, there have been no legal or disciplinary events involving either Crayhill or any of its management persons that are material to the Firm's advisory business.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Broker-Dealer Registration Status**

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.

### **B. CFTC Registration Status**

Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **C. Industry Relationships Material to Advisory Business**

Neither the Firm nor any of its management persons have any relationship or arrangement that is material to its advisory business or the Solar Fund with the types of entities described in this section.

### **D. Materials Conflicts of Interest Relating to Other Advisers**

The Firm does not recommend or select other investment advisers for any advisory client.



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

### **A. Code of Ethics**

The Firm has adopted a code of ethics which describes the Firm's fiduciary duties and responsibilities to the Solar Fund, requires that the Firm's employees act in the best interests of the Solar Fund to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Solar Fund to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm's employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees.

In addition, the code of ethics sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's employees. Under Crayhill's code of ethics employees must report personal securities transactions on at least a quarterly basis and provide Crayhill with a detailed summary of holdings over which the employees have a direct or indirect beneficial interest. The code of ethics also includes insider trading policies and procedures and policies and procedures addressing confidential information and conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions.

Investors or prospective investors may request a copy of the Crayhill's code of ethics by contacting the Firm at (917) 742-9655.

### **B. Securities in which the Firm or Related Persons have Financial Interest**

Neither the Firm nor any related person recommends to the Solar Fund, or buys or sells for the Solar Fund's portfolio, securities in which the Firm or a related person has a material financial interest.

### **C. Securities in which the Firm or Related Persons Invest**

Neither the Firm nor any related person invests in the same or related securities that the Firm or a related person recommends to the Solar Fund. However, certain related persons invest directly or indirectly in the Solar Fund.

### **D. Securities which the Firm or Related Persons Recommend to the Solar Fund**

Neither the Firm nor any related person recommends securities to the Solar Fund, or buys or sells securities for the Solar Fund's portfolio, at or about the same time that the Firm or a related person buys or sells the same securities for its own or a related person's own account.

## **ITEM 12 – BROKERAGE PRACTICES**

### **A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

Due to the nature of its strategy, Crayhill does not generally trade in public securities and, therefore, does not generally utilize broker-dealers for transactions contemplated by this section. In the event Crayhill executes a brokerage transaction for the Solar Fund (e.g. trades in public securities or enters into hedging transactions), the Investment Manager will be responsible for selecting a broker-dealer.

Crayhill does not engage in soft dollar arrangements with broker-dealers.

Crayhill does not engage in directed brokerage.

### **B. Aggregated or “Bunched” Orders**

Crayhill does not aggregate the purchase or sale of securities for the Solar Fund’s portfolio.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Review of the Solar Fund’s Portfolio**

The Firm’s senior investment professionals review the Solar Fund’s portfolio on a regular basis. Due to the long holding periods and low turnover of typical Solar Fund investments in addition to the static nature of investments after they are acquired, investment professionals review the Solar Fund’s investments on a weekly, quarterly, or as needed basis depending on the type or status of asset. Senior investment professionals also review the Solar Fund’s assets informally on a continual basis. The Solar Fund’s portfolio is reviewed periodically by Crayhill to ensure that the portfolio meets the investment criteria set forth in the Solar Fund’s offering memorandum and the Solar Sub-Advisory Agreement, as applicable, and complies with Firm policy.

### **B. Factors that May Trigger a Review of Solar Fund Portfolios**

The Firm does not utilize any specific criteria to trigger a review of the Solar Fund’s investments other than regular periodic reviews.

### **C. Content and Frequency of Reports**

The Investment Manager provides each investor in the Solar Fund with periodic reports in accordance with the terms of the relevant confidential private placement memorandum and the relevant constituent documents. Each investor receives unaudited reports of the performance of the Solar Fund quarterly, generally within 20 business days following quarter-end. Each investor also receives independently audited year-end financial statements annually, generally within 120 calendar days following year-end.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefit for Providing Services to Non-Clients**

The Investment Manager provides an economic benefit to Crayhill and the Principals for providing investment advice to the Solar Fund through the Solar Sub-Advisory Agreement. Otherwise, no one who is not an advisory client provides an economic benefit to Crayhill for providing investment advice or other advisory services.

### **B. Compensation to Non-Supervised Persons for Client Referrals**

Neither Crayhill nor any related person directly or indirectly compensates any person who is not a supervised person for client referrals.

## **ITEM 15 - CUSTODY**

Rule 206(4)-2 (the “Custody Rule”) of the Investment Advisers Act of 1940, as amended, imposes specific conditions on the Firm as a registered investment adviser with respect to those securities and other assets that fall under the purview of the Custody Rule that are held by, or deemed to be held by, the Firm. The Firm adheres to the applicable requirements of the Custody Rule with respect to each client for which it has, or is deemed to have, custody or for which an affiliate serves as a qualified custodian. The Investment Manager has discretion over the Solar Fund’s assets and as such, Crayhill is not deemed to have custody of the Solar Fund’s assets and does not maintain physical custody of such assets. Accordingly, the Investment Manager is responsible for ensuring that independently audited financial statements from a Public Company Accounting Oversight Board (“PCAOB”) recognized auditor, audited in accordance with generally accepted accounting principles, or other such standards that are recognized under the Custody Rule, are delivered to the underlying investors in the Solar Fund within 120 days of the Solar Fund’s fiscal year end.

**ITEM 16 – INVESTMENT DISCRETION**

Crayhill does not have discretionary authority to manage securities accounts on behalf of the Solar Fund. As such, Item 16 is not applicable.

## **ITEM 17 – VOTING CLIENT SECURITIES**

In accordance with SEC requirements, the Firm has adopted proxy voting policies and procedures to address how the Firm will make recommendations in respect of voting proxies for the Solar Fund's portfolio investments. The proxy voting policies and procedures seek to ensure that such recommendations are in the best interest of the Solar Fund, including when there may be material conflicts of interest in the voting proxies. Although the Firm does not have nor will it accept the authority to vote the securities of the Solar Fund, the Firm may make certain recommendations to the Investment Manager on how to vote the underlying securities of the Solar Fund. The Investment Manager will take the Firm's recommendations under consideration, but it is the Investment Manager who is ultimately responsible for voting the proxies of the Solar Fund. The Firm may occasionally be subject to material conflicts of interest involving a particular vote of underlying securities due to business or personal relationships it maintains with persons having an interest in the outcome of the vote. If at any time the Firm becomes aware of a material conflict of interest relating to a particular vote, the Chief Compliance Officer will review the proposal at issue and determine how to act consistent with the applicable client's best interests when making any such recommendation.

**ITEM 18 – FINANCIAL INFORMATION**

- A.** Crayhill does not require or solicit prepayment of client fees more than six months in advance.
- B.** Crayhill does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients.
- C.** Crayhill has not been the subject of a bankruptcy petition at any time during the past ten years.



## **ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This Item is not applicable to the Firm.