

Form ADV, Part 2A: Firm “Brochure” Wasserstein Debt Opportunities Management, LP

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This document (the “Brochure”) provides information about the qualifications and business practices of Wasserstein Debt Opportunities Management, L.P. (“WDO,” “Investment Manager” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at (212) 702-5602. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

WDO may refer to itself as a “registered investment adviser.” Registration does not imply a certain level of skill or training.

March 30, 2020

Item 2: Material Changes

WDO is required to provide a summary of any material changes made to this Form ADV Part 2A in connection with its annual updating amendment. Since its last Form ADV annual updating amendment submitted on March 28, 2019, WDO has amended this Brochure as follows:

- Disclosure in Item 4 and Item 8 related to a short duration strategy the Firm implements on behalf of certain Clients

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Mr. Joseph Dutton, the Firm's Chief Compliance Officer at (212) 702-5602.

Additional information about the Adviser is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Item 4: Advisory Business

- A. WDO is an investment adviser organized as a Delaware limited partnership that was formed in January 2013. The principal owners of WDO are Rajay Bagaria and Wasserstein & Co., LP (“W&Co.”). Prior to WDO’s independent registration as an investment adviser in January 2017, WDO relied upon W&Co.’s registration as an investment adviser. WDO’s principal place of business is in New York, NY.
- B. WDO provides investment advisory services to privately offered pooled investment vehicles (the “Funds”) and separately managed accounts (the “SMAs”) (collectively, the Funds and SMAs, “Clients”). Client investors are generally institutions or high net worth families. WDO does not accept capital commitments from investors that do not meet certain thresholds of net worth or investment expertise.

WDO seeks to generate risk-adjusted returns from investments in predominantly U.S. based, non-large cap issuers of high yield bonds and leveraged loans that WDO believes to be undervalued or mispriced relative to similar securities. Certain Clients will focus on “true short duration” high yield debt with a maturity within three and a half years of the purchase date. The Clients are subject to the investment objectives and strategies that are further outlined in offering memoranda specific to each of the Clients, which include but are not limited to subscription agreements, offering memoranda and investment management agreements (such memoranda, “Governing Documents”).

- C. The Firm provides investment advisory services to the Clients in accordance with each Client’s investment objectives and limitations on a discretionary basis. Such investment objectives and limitations are outlined in each Client’s respective Governing Documents.
- D. WDO does not participate in wrap fee programs.
- E. As of December 31, 2019, WDO managed \$475,487,619 of regulatory assets on a discretionary basis.

Item 5: Fees and Compensation

- A. WDO, related entities, and/or the relevant general partner are compensated for advisory services to each Client based on a percentage of such Client's net asset value (the "Management Fee"). WDO, related entities, and/or the relevant general partner are also compensated with a performance-based allocation (the "Incentive Allocation"), as described below. Compensation through fees is typically negotiated separately with each of the Clients. WDO may enter into relationships with certain investors on different investment terms. These terms could include a reduction in the fees paid by the investor.

Client management fees vary by Client and investors in each Client and are generally calculated at an annual rate that ranges from 1.0% to 1.5% of the net asset value of each Client investor's capital account balance.

Client incentive allocation fees vary by investor and are generally calculated at an annual rate of 15% of the net capital appreciation of each investor's capital account balance, less the management fee paid and any loss-recovery due to such investor, as described more fully in the relevant Client's Governing Documents. Certain officers and directors of the Firm directly receive a portion of the Incentive Allocation.

- B. Management Fees are generally deducted directly from Client accounts quarterly in advance. Incentive Allocation fees, if applicable, are generally deducted directly from Client accounts on the last day of the Client's fiscal year.
- C. WDO and the Clients generally bear their own expenses. Expenses are allocated on a case by case basis in accordance with each Client's Governing Documents.

Expenses the Clients may incur generally include (but are not necessarily limited to):

- i. Expenses incurred in connection with the organization of the Client and the offering of interests, if applicable, in the Client.
- ii. Expenses incurred in connection with the evaluation, acquisition, monitoring or disposition of investments, including, without limitation, loan fees, appraisal fees, private placement fees, sales commissions, brokerage fees and commissions, underwriting commissions and discounts, taxes, expenses related to short sales, travel expenses and legal, accounting, investment banking, consulting, information services and other third-party professional fees, and travel, communications and other expenses related to the discovery, investigation, development, making and disposition of investments (whether or not consummated);
- iii. Expenses incurred in connection with the carrying or management of investments, including, without limitation, interest and related expenses, clearing and settlement charges, hedging expenses, custodial, trustee, record keeping and other administration fees and expenses;
- iv. Expenses incurred in connection with any leverage or other indebtedness of the Client, including, without limitation, interest, borrowing fees, dollar rolls, reverse purchase

- agreements, credit facilities, margin financing, total return swaps, the issuance of debt securities and other costs associated with any financing;
- v. Expenses incurred in connection with the Client's audited financial statements, tax returns and K-1's;
 - vi. Professional fees and expenses, including, without limitation, fees and disbursements of attorneys, accountants, consultants and experts relating to Client matters, and fees and disbursements associated with updating the subscription documents and amending or restructuring the constituent documents of the Client or related investment vehicles, including, without limitation, the Client's general partner;
 - vii. Any costs, including, without limitation, compensation, indemnification and insurance expenses associated with committees;
 - viii. Taxes and other governmental charges levied against the Client;
 - ix. Expenses relating to defaults by investors in the payment of any capital contributions, if applicable;
 - x. Insurance premiums or expenses in connection with the activities of the Client, including, without limitation, errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the Client, its general partner or WDO;
 - xi. Expenses (including, without limitation, legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Client (including, without limitation, the offering of limited partnership interests in the Client, if applicable, any "blue sky" filing fees and expenses and expenses related to the preparation and filing of Form PF and other similar regulatory filings related to the Client) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Client, including the amount of any judgments, settlements or fines paid in connection therewith;
 - xii. Expenses incurred in connection with the winding up or liquidation of the Client;
 - xiii. Expenses incurred in connection with computing the Client's assets;
 - xiv. Expenses incurred in connection with any distributions to investors and in connection with any meeting of investors relating to a Client;
 - xv. Expenses related to the Client indemnification obligations;
 - xvi. Administration fees payable to the Client's administrator;
 - xvii. Expenses incurred in connection with the formation of alternative investment vehicles and special purpose entities;
 - xviii. Expenses incurred in connection with any multimedia, analytical, database, news or third-party research services and related terminals for the delivery of such services;
 - xix. Expenses incurred in connection with the preparation and delivery of reports of the Client and any meetings with investors; and
 - xx. Expenses relating to risk management systems, metrics reporting and matrix reporting.

Fees and expenses may vary by Client, but in all cases shall be charged in accordance with each Client's Governing Documents. Each Client's Governing Documents provide a more detailed description of the expenses borne by the Client.

The Client may incur brokerage and other transaction costs. Please see Item 12 of this Brochure for a further description of such brokerage costs.

- D. The Clients' investors pay Management Fees in advance. In the unlikely event that an advisory contract is terminated before the end of a Management Fee period, WDO will refund a portion of

the Management Fee (computed on the basis of the number of days elapsed). The Clients' investors do not pay Incentive Allocations in advance.

- E. Neither WDO, nor any of its supervised persons, accepts compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

As outlined in Item 5 of this Brochure, WDO and certain related entities, including the relevant general partner, may be entitled to receive an Incentive Allocation from Clients based on the realized and unrealized gains in each account, as specified in each Client's Governing Documents. Certain investors in the Clients may pay reduced performance-based fees. These investors have no influence or control over the provision of investment advice and participate *pro rata* in investments on the same basis as all other investors.

This compensation based on capital appreciation may create an incentive for the recipients to recommend investments to Clients that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, the recipients may have an incentive to favor Clients that they believe will pay a higher incentive-based compensation. However, the Firm is committed to acting at all times in the best interests of its Clients and WDO performs extensive due diligence with respect to the investment decisions made on behalf of the Clients.

Item 7: Types of Clients

WDO's Clients are separately managed accounts and private pooled investment vehicles. Interests in these vehicles are offered and committed to investors who meet certain standards of net worth or knowledge about investing. These interests are excepted from the definition of investment company under the Investment Company Act of 1940, as amended.

Clients and investors in pooled investment vehicles, other than certain knowledgeable employees, must meet certain high standards for net worth and/or income. Generally, WDO's investors are institutions, which may include pension funds, other high net worth institutions, and high net worth families.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. **WDO's Investment Strategy and Methods of Analysis**

WDO's investment strategy on behalf of the Clients is to generate risk-adjusted returns from investments in predominantly U.S. based, non-large cap issuers of high yield bonds and leveraged loans that WDO believes to be undervalued or mispriced relative to similar securities. Certain Clients will focus on "true short duration" high yield debt with a maturity within three and a half years of the purchase date.

The Clients will target the non-large cap high yield market segment because WDO believes it presents a less efficiently priced category of the market. The declining importance of banks, once a dominant source of capital for the industry but now focused on distributing risk, and increasing importance of hedge funds, collateralized loan obligations, exchange traded funds, mutual funds and other investors focused on benchmark performance, have created a disproportionate focus on large cap high yield companies. Through a focus on the next tier of issuers, and investments that have some combination of security, capital structure seniority, enterprise value protection and recession mitigating attributes, the Clients seek to create both differentiated high yield exposure and superior risk-adjusted returns.

WDO targets investments that are secured and/or have some combination of security, capital structure seniority and enterprise value protection. Investment opportunities are sourced in both the primary and secondary markets. The resources of WDO, which include investment professionals, industry specialists, broad relationships and access to management teams to conduct due diligence are fully utilized in making investment recommendations to the Clients. The business characteristics sought for investments in the Clients include: 1) business that can be understood with quantifiable risks, 2) diversification or low concentration risk, 3) clear value proposition and sustainable competitive advantage, 4) proven sponsorship and management, 5) demonstrated track record and 6) recession mitigating attributes such as the ability to generate free cash flow in downside scenarios. Within the opportunity set of investments that exemplify the aforementioned characteristics, the Clients will seek to capitalize on forced and unnatural sellers to create an attractive entry point with a good margin of safety.

While the investment strategy and target investments are similar across the Clients, there are differences amongst each Client that relate to the amount of leverage and hedging employed, as further described in each Client's Governing Documents.

WDO's investment program is speculative and entails substantial risks, including risk of loss of the entire investment. There can be no assurance that WDO's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Investors should be prepared to bear these risks.

The risks inherent to the strategies employed by WDO, including those listed below, are described in further detail in the Clients' Governing Documents.

B/C. **Risks Relating to WDO's Investment Strategy, Methods of Analysis, and Type of Securities**

Some risks relating to WDO's investment strategy and methods of analysis are set forth below. Please refer to the relevant Client's Governing Documents for a full list of potential risks involved in an investment in the Client.

Business and Market Risks

The investments made by the Clients 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, including those related to a regional or global pandemic, 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 and security operations. In addition, the ability of WDO to successfully implement its strategy may entail a high degree of uncertainty. 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.

Investment and Trading Risks

All investments in securities risk the loss of capital. WDO's investment program and research techniques may moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the Clients' programs will be successful. The Clients' investment programs may utilize such investment techniques as swaps and forward contracts, practices which may, in certain circumstances, increase the adverse impact to which the Clients may be subject. The Clients will invest in bonds or other fixed income securities, including, without limitation, public and private non-investment grade bonds, secured loans, second lien debt, convertible securities, options, swaps and other securities with fixed-income characteristics. Such securities will primarily be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market prices of such securities are also subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets.

The Clients may from time to time make investments in securities of private companies without an active trading market. Traditional exit opportunities for such investments have consisted primarily of initial public offerings and acquisitions of portfolio companies by publicly traded companies, often for stock. The ability of the Clients to sell securities and realize investment gains will depend upon favorable market conditions. As recent history indicates, initial public offering and merger and acquisition opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory, or other factors. In addition, general fluctuations in the market prices of securities may affect the value of the investments held by the Clients.

Therefore, there is no assurance that the Clients will be able to realize liquidity for such investments in a timely manner, if at all.

Dependence on the Investment Manager

The success of the Clients substantially depends on the ability of the Investment Manager to successfully implement the investment objective and strategy of the Clients. If the Investment Manager were to cease providing investment management services to the Client, the effect on the Clients could be material and adverse. Furthermore, it is unclear to what extent the Clients would be able to continue to operate in the event that the Investment Manager were to terminate its relationship with the Clients. If the Investment Manager ceases to act as such, it is uncertain whether the Clients would be able to find a replacement investment manager, or how quickly a suitable replacement investment manager could be obtained.

Investment Manager's Investment Style

Investors must rely on the judgment, ability, and investment style of the Investment Manager with respect to the selection of investments in which the Clients' capital will be invested and will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the securities and companies in which the Clients will invest. Accordingly, the Investment Manager's investment style, which focuses on identifying companies trading at a discount to intrinsic value, may fall in and out of favor in the then-current market environment of the different markets in which the Investment Manager chooses to invest. It has been demonstrated that investment styles play a significant role in Clients returns. As a result, no assurance can be made that the Investment Manager's investment style will result in a successful investment program for the Clients.

Proprietary Trading by the Investment Manager and its Principals

The Investment Manager and its principals may trade securities for their own accounts and may do so in a manner that may or may not parallel the Clients' investments. The records of such proprietary trading will not be available for inspection by the Clients or the Investors due to the confidential nature of such records. Because the Investment Manager and its principals may trade for their own respective accounts at the same time that the Investment Manager is managing the Clients, prospective investors should be aware that such persons may from time to time take positions in their proprietary accounts that are opposite to the positions taken for the Clients.

Accuracy of Information

The Investment Manager may select investments for the Clients, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Investment Manager by the issuers or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and ordinarily seeks independent corroboration when the Investment Manager considers it is appropriate and when

it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness, or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate. Additionally, a distribution to the Clients may be reclaimed if it is later determined to have been a fraudulent conveyance.

Calculated Value

The Clients' strategies are based in part on the estimated value of various private and publicly traded companies, as determined by the Investment Manager. The formula used to estimate value are meant merely to approximate a company's intrinsic value, and are not intended to determine a company's actual current or future value, which may be subject to a variety of subjective, as well as objective, factors over which a company's management, not to mention the Investment Manager, may have little or no foreknowledge or control.

Potentially Unfavorable Brokerage Fees

The Investment Manager may not have significant leverage in negotiating brokerage rates for the execution of trades for the Clients, depending on the Clients' size and trading activities. This may result in the Clients being charged relatively unfavorable brokerage fees, which would cause the return of the Clients to be less than it otherwise would be.

Investors Do Not Participate in Management of the Fund

Investors will take no part in the management, conduct, or control of the Clients' business. They have no right or authority to act for the Clients or to vote on matters other than the matters set forth in the Partnership Agreement or as required by applicable law.

Agreements with Certain Investors

The Clients may enter into agreements, from time to time, with one or more Investors whereby in consideration for agreeing to invest in the Clients, or other consideration deemed material by the Clients, such Investor may be granted favorable rights not afforded other Investors, generally. Such rights may include, without limitation, the following: (i) special rights to make future investments in the Clients; (ii) special withdrawal/redemption rights; (iii) rights to reports and information from the Clients on a more frequent basis or that include information not provided to other Investors (such as additional portfolio holding information); (iv) rights to receive reduced rates or waivers of the Management Fee; (v) rights to receive a share of the Management Fee; and (vi) such other rights or privileges as the Clients may agree. Such agreements may be entered into by the Clients without the consent of or notice to the existing Investors. No Investors will have the right to participate in any such special arrangement or privilege without the approval of the Clients unless otherwise agreed in advance. These agreements will not convey any rights to any Investor except the Investor whom the agreement was executed with. The General Partner

may also be a party to these agreements. These agreements and the special arrangements included in such agreements could have an adverse effect on the Clients and the other Investors.

Diverse Investment Group

The Investors may include taxable and tax-exempt entities and may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Investment Manager that may be more beneficial for one type of investor than for another. In selecting investments, the Investment Manager considers the investment objective of the Clients as a whole, not each investor individually.

Limitations on Effectiveness of Hedging

Although the Investment Manager may employ various hedging techniques, the extent and effectiveness of such hedging strategies may vary substantially. The hedging techniques of the Investment Manager may be directed toward general market risks or certain issuer risks. Typically, there are numerous investment risks which will not be hedged or necessarily capable of being hedged as a practical matter. To the extent unhedged, investment positions of the Clients will, in general, be fully exposed to market and investment risks. Hedging techniques have a variety of limitations. Hedging against a decline in the value of a position by selling short, for example, does not eliminate fluctuations in the values of positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the overall portfolio positions' value. Hedging through market index options may only protect against an overall market downturn, as compared with price declines in specific securities.

Concentration Risk

Investors should consider the greater risk of the Clients' concentration versus the reduced volatility that comes with a more diversified investment portfolio. The Clients' assets may, from time to time, be concentrated in an industry or group of industries. By concentrating its assets in a single industry or group of industries, the Clients are subject to the risk that economic, political, regulatory or other conditions that have a negative effect on that industry or group of industries will negatively impact the Clients to a greater extent than if the Clients' assets were invested in a larger variety of industries.

Sector Risk

Sector risk is the possibility that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If the Clients invest more heavily in a particular sector, its value will be particularly sensitive to declines in that sector. Additionally, some sectors could be subject to greater government regulation or increases in government regulation than other sectors, either of which may have an adverse effect on the value of securities of companies in the sector.

Short Sales

Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the Investor to profit from declines in market prices to the extent the decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must later be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. An unanticipated tender offer for an issuer could also cause a sudden increase in the price of the securities sold short. Theoretically, the potential loss on the securities sold short is unlimited as there is no ceiling on how far the price of the security may rise. Also, a short seller may be prematurely forced out of a position due to an inability to maintain a loan of the stock that is borrowed to establish the short sale. Further, short selling has recently been the subject of increasing legislative and regulatory scrutiny.

Market Disruptions

The Clients may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships (on which the relevant general partner and/or WDO bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Clients and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Financial Market and Interest Rate Fluctuations

General fluctuations in the market prices of securities and interest rates may affect the value of the investments held by the Clients. Volatility and instability in the securities markets may also increase the risks inherent in the Clients' investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Investments in High Yield Securities

The Clients will invest in high yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded

bonds. In addition, the Clients will invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Investments in Bank Loans and Participations

The Clients invest in bank loans and participations. The special risks associated with these obligations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that may arise with respect to collateral securing the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; and (iv) limitations on the ability of the Clients, the relevant general partner or WDO to directly enforce their rights with respect to participations. WDO will attempt to balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Clients.

In general, the secondary trading market for senior secured loans and subordinated loans is not well developed. No active trading market may exist for certain senior secured loans and subordinated loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that the Clients may not be able to sell senior secured loans and subordinated loans quickly or at a fair price. To the extent that a secondary market does exist for certain senior secured loans and subordinated loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

Investments in Equity Securities Generally

The Clients may invest its assets in preferred stock or hold common stocks or other securities and there is no limitation on the type, size, or operating experience of the companies in which the Clients may invest. Investments in equity securities of small or medium-sized market capitalization companies will have more limited marketability than the securities of larger companies. In addition, securities of smaller companies may have greater price volatility. All of the Clients'

investments in equity securities will be subject to normal market risks. While diversification among issuers may mitigate these risks, the Clients are not required to diversify its investments in equity securities. Investors must expect fluctuations in value of equity securities held by the Clients based on market conditions. Because equity securities rank lower in the capital structure of an issuer, such investments may subject investors to additional risks not applicable to debt securities. In addition, holders of equity securities may be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring.

Investments in Companies with Limited Operating Histories

The Clients may invest in the securities of less established companies with limited operating histories (including recently spun off companies) and which may experience significant losses for some time after the Clients' investment. Investments in less established companies may involve greater risks than are generally associated with investments in more established companies. The success of less established companies is subject to numerous factors over which the Clients will have no control, including, without limitation, the availability of subsequent financing, the rapid pace of technological change, market shifts (including the entry of competitors with greater resources or development of competing products, or other changes in the demand for products and services), the company's ability to develop and protect intellectual property, changes in relevant governmental regulations and changes in the economy generally. Consequently, investments in less established companies are highly speculative. Less established companies tend to have lower capitalizations and fewer resources, and therefore, often are more vulnerable to financial failure.

Investments in Distressed Securities

The Clients may invest in securities of companies that are experiencing significant financial or business difficulties, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Clients, they involve a substantial degree of risk. Any one or all of the issuers of the securities in which the Clients may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the WDO will correctly evaluate the value of the assets collateralizing the Clients' investments in distressed securities or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, the Client may lose its entire investment or may be required to accept cash or securities with a value less than the Client's original investment. Under such circumstances, the returns generated from the Clients' investments may not compensate the investors adequately for the risks assumed.

Swaps and Other Derivatives

The Clients may invest in swaps and other credit derivatives such as credit default swaps ("CDSs"). The economic return of CDSs depends upon the performance of the reference obligations and/or

the reference entities. Exposure to the credit risk of such types of assets through the purchase of CDSs presents risks in addition to those resulting from direct purchases of such types of assets as the related reference obligations. For instance, an active market may not exist for any of the CDSs in which the Clients invest. As a result, the Clients' ability to maximize returns or minimize losses on such CDSs may be impaired. In addition, the Clients will usually have a contractual relationship only with the counterparty offering the CDS and not the reference obligors on the reference obligations. As a result, the Clients generally will have no right directly to enforce compliance by the reference obligors with the terms of the reference obligations, no rights of set-off against the reference obligors, or any voting or other rights of ownership with respect to the reference obligations. The Clients will not directly benefit from any collateral supporting such reference obligations and will not have the benefit of the remedies that would normally be available to a holder of such reference obligations. Even if, in the case of physically settled CDSs, the Clients obtain such rights upon delivery of the defaulted reference obligations, the Clients' ability to "work-out" effectively the defaulted reference obligations may be significantly diminished.

Trade and Other General Unsecured Claims

The Clients may acquire interests in claims of trade creditors and other general unsecured claim holders of a debtor ("**Trade Claims**"). Trade Claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections, and claims related to litigation. Trade Claims are typically unsecured and may, in unusual circumstances, be subordinated to other unsecured obligations of the debtor. The repayment of Trade Claims is subject to significant uncertainties, including potential set-off by the debtor as well as the other uncertainties described herein with respect to distressed securities. A Trade Claim may be transferred or assigned before or after a petition in bankruptcy is filed, including after a proof of claim has been filed. The Clients' investments in Trade Claims may also entail special risks including, but not limited to, fraud on the part of the assignor of the Trade Claim and logistical and mechanical issues which may affect the ability of the Clients or its agent to collect the claim in whole or in part.

Lender Liability and Equitable Subordination Claims

In recent years, courts have held lenders liable to borrowers for the violating the duty (whether implied or contractual) of good faith and fair dealing. Courts have also found that lenders owe borrowers or a borrower's other creditors or shareholders fiduciary duties where such lenders have assumed a certain degree of control over the borrower. In addition, under the common law doctrine of "equitable subordination," if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors. The Clients could be subject to such lender liability

and/or equitable subordination claims to the extent that it makes loans to companies or invests in other debt securities.

Lending of Securities

The Clients may lend portfolio securities to broker-dealers and other financial institutions. The advantage of such loans is that the Clients continue to receive the interest or dividends on the loaned securities, while at the same time earning interest on the collateral which is invested in short-term obligations. If the borrower fails to maintain the requisite amount of collateral, the loan automatically terminates, and the Clients could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. As with any extensions of credit, there are risks of delay in recovery and in some cases even loss of rights in the collateral should the borrower of the securities fail financially. On termination of the loan, the borrower is required to return the securities to the Clients; any gains or losses in the market price during the loan would inure to the Clients.

Leverage

The Clients may utilize leverage. The use of leverage generally results in the Clients controlling substantially more assets than the Clients has equity. Leverage increases the Clients' returns if the Clients earn a greater return on investments purchased with borrowed funds than the Clients' cost of borrowing such funds. However, the use of leverage exposes the Clients to additional levels of risk including, but not limited to: (i) greater losses from investments than would otherwise have been the case had the Clients not borrowed to make the investments; (ii) margin calls or changes in margin requirements may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Clients' cost of leverage related to such investments. In the event of a sudden, precipitous drop in value of the Clients' assets, the Clients might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Clients.

Liquidity and Valuation of Investments

The Clients may invest in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The Clients may not be able to sell such securities when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Because the markets for such securities are still evolving, liquidity in these securities is limited and liquidity with respect to lower-rated and unrated subordinated classes may be even more limited. As a result, calculating the fair market value of the Clients' holdings may be difficult and there can be no assurance that WDO's valuation will accurately reflect the value that will be realized by the Client upon the eventual disposition of such investment. Disposition of such illiquid investments may also result in distributions in kind to the investors. Such investments could also impair the Clients' abilities to distribute withdrawal proceeds to a withdrawing investor in a timely manner.

Options

Options trading involves certain additional risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the Clients might not be able to affect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with margin requirements for the underlying instrument. A writer could not terminate the obligation until the option expired or the writer was assigned an exercise notice. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract underlying the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large Net Loss.

Stock or index options that may be purchased or sold by the Clients may include options not traded on a securities exchange. The risk of nonperformance by the obligor on such an option may be greater and the ease with which the Clients can dispose of or enter into closing transactions with respect to such an option may be less than in the case of an exchange-traded option.

Portfolio Turnover

Portfolio turnover is not a limiting factor with respect to the Clients' investment decisions. The rate of the Clients' portfolio turnover may vary significantly from time to time depending on the volatility of economic and market conditions, and it is not possible to predict portfolio turnover. Higher portfolio turnover involves correspondingly greater brokerage commissions, dealer mark-up and other transaction costs, which will be borne either directly or indirectly by the Clients. In addition, portfolio turnover can result in the realization of capital gains or losses, which may have to be recognized by investors for tax purposes.

Potential Exposure of Assets and Counterparty Risk

The assets of the Clients are generally subject to counterparty risk with respect to the brokers, counterparties, clearing houses and exchanges with which they deal. Any default by one of these parties could result in material losses to the Clients. The assets of Clients held by brokers or counterparties are generally not held in segregated accounts, and accordingly, in the event of any such default the Clients may only have the rights of a general creditor in the event any broker or counterparty dissolves or files for bankruptcy. In addition, the institutions, including brokerage firms and banks, with which the Clients trades or invests may encounter financial difficulties that impair the operational capabilities or the capital position of such Clients. Securities pledged by the Clients as collateral with a broker may be available to the creditors of such broker in the event of such broker's insolvency. In certain circumstances, a broker also may liquidate the Clients' assets held by such broker. The issuers of some asset-backed securities permit the servicer to

retain possession of the underlying obligations. Thus, the return on those obligations may be subject to risks involving insolvency or malfeasance of the servicer.

Cybersecurity

WDO, the Clients and the companies underlying their credit investments may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Investors and the Clients' investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to the Firm's, the Clients' and/or a company's operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of investors' personal information.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Firm's or a company's controls and procedures, business continuity systems and data security systems could prove to be inadequate. These problems may arise in both the Firm's or a company's internally developed systems and the systems of third-party service providers.

Information Technology Systems

It is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the Investment Manager's ability to adequately assess and adjust investments, formulate strategies, and provide adequate risk control. Any such information-technology-related difficulty could harm the performance of the Clients. Further, failure of the back-office functions of the Investment Manager to process trades in a timely fashion could prejudice the investment performance of the Clients.

Item 9: Disciplinary Information

There currently are no legal or disciplinary events regarding WDO, its affiliates, and management that are required to be disclosed in this item.

Item 10: Other Financial Industry Activities and Affiliations

- A. Neither WDO nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither WDO nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The general partners to the Funds are affiliates of WDO under common control. On behalf of the relevant Fund, the general partner compensates WDO for providing advisory services to such Fund. WDO believes that this compensation generally reflects prevailing market terms.

As stated earlier in this Brochure, W&Co. is an investment adviser registered with the SEC and a beneficial owner of WDO. W&Co. is not responsible for the day-to-day management of WDO and its investment advisory functions. W&Co.'s clients generally hold controlling equity investments in private companies. While these types of investments (equity interests) differ from the Clients' targeted investments (high yield bonds and leveraged loans), the companies underlying these investments may overlap, which may present a potential conflict of interest. Certain affiliated entities, officers and directors of W&Co. are also investors in certain of WDO's Clients, which may incentivize WDO to allocate more favorable investment opportunities to such Clients. W&Co. is not responsible for the day-to-day management of WDO and, to further mitigate this potential conflict, WDO has instituted a policy governing the allocation of investments among the Clients to ensure that opportunities are allocated in a fair and reasonable manner that is consistent with all applicable Governing Documents.

EagleTree Capital, LP ("EagleTree") is another registered investment adviser that shares an office location with W&Co. and WDO. However, WDO and EagleTree are not advisory affiliates of each other and are not under common control. EagleTree's clients also generally make controlling equity investments in private companies. While these types of investments (equity interests) differ from the Clients' targeted investments (high yield bonds and leveraged loans), the companies underlying these investments may overlap, which may present a potential conflict of interest. WDO believes that this potential conflict is mitigated because EagleTree's officers and directors are not involved in the day-to-day management of WDO and its investment advisory functions.

The shared office space among the three advisers may present potential conflicts related to the dissemination of confidential information. The three advisers do not believe that these potential conflicts will materialize but have nonetheless taken steps to mitigate them. W&Co. and EagleTree operate under the same compliance program due to their overlapping supervised persons and business functions. WDO has a separate compliance program and does not share any supervised persons with W&Co. or EagleTree. To mitigate potential conflicts regarding the shared office space, WDO, W&Co. and EagleTree have instituted an information barrier policy governing, among other things, communication between supervised persons of W&Co., EagleTree and WDO; shared

conference rooms and other common areas; and other shared office supplies and resources. The information barrier policy is overseen and enforced by the W&Co./EagleTree CCO and the WDO CCO, who meet on a quarterly basis to review the adequacy and effectiveness of the policy. To further mitigate potential conflicts regarding the flow of information among WDO, W&Co. and EagleTree, these advisers have agreed to share the same restricted list.

- D. WDO does not recommend or select other investment advisers for the Clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. As an investment adviser, WDO stands in a position of trust and confidence with respect to its clients. WDO has a fiduciary duty to place the interests of its clients before its own interests and the interests of its employees. All of WDO's personnel must put the interests of the Funds before their own personal interests and must act honestly and fairly in dealings with the Funds. All of WDO's personnel must also comply with all federal and other applicable securities laws. WDO has established a code of ethics (the "Code") to establish these rules of conduct for its personnel.

As part of its Code, WDO has adopted a personal trading policy requiring all personnel to disclose all holdings in personal trading accounts and all personal securities transactions in a timely manner. WDO also maintains a list of companies about which a determination has been made that it is prudent to restrict trading activity by WDO and/or its personnel. Generally, an employee may not trade securities of a company included on this list; however, exceptions may be granted under certain circumstances if pre-clearance is granted (e.g., during a "window period" of a public company of which WDO is an "insider").

The Code also includes policies regarding outside activities of employees, conflicts of interest, the prevention of insider trading, certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. WDO's Code is designed to promote the ethical behavior of all of its personnel and to ensure compliance with applicable regulation and best practices. WDO will provide a copy of its Code to any investor upon request.

- B. From time to time, consistent with a Client's investment objectives and subject to satisfaction of the policies and procedures set forth in the Code and in the Firm's compliance manual (the "Compliance Manual"), WDO may recommend that a Client acquire or sell securities in which a related person of the Firm has a pre-existing direct or indirect interest. A potential conflict of interest could arise in that the interested related person of the WDO could benefit from such a purchase or sale of the applicable security by a Client. However, the Firm has policies and procedures designed to identify and manage conflicts of interest to the extent they arise in connection with such transactions. Certain terms of the Clients' Governing Documents and the equity participation of WDO's related persons in certain Clients further mitigate such conflicts.
- C. From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Clients' Governing Documents, the Firm or a related person of the Firm may invest in the same securities that are recommended to a Client. A potential conflict of interest could arise in that the Firm or the interested related person of the Firm could benefit from the Client's ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of WDO's related persons. In particular, the Code requires that WDO's related persons abide by policies and procedures, including a pre-clearance procedure, in connection with their personal

securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.

Item 12: Brokerage Practices

A. The factors considered in selecting and approving brokers that may be used to execute transactions for the Clients include, but are not limited to:

- Reputation, financial strength and stability
- Quality of execution -- accurate and timely execution, clearance and dispute resolution
- Ability to execute difficult transactions
- Willingness and ability to provide leverage
- Access to underwritten offerings and secondary markets
- Overall costs of a trade (i.e., net price paid or received) including commissions, mark-ups, mark-downs or spreads, in the context of the Firm's knowledge of negotiated commission rates currently available and other current transaction costs
- Confidentiality of trading activity
- Market intelligence

WDO has established procedures for reviewing broker trading volumes, prices, commissions, other transaction costs and the overall quality of execution for the Clients. Periodically, WDO conducts an evaluation of the effectiveness of such procedures and of the execution quality for the Clients. Additionally, WDO reviews its brokers to determine whether such brokers continue to demonstrate the ability and commitment to provide best execution in light of the changing needs and trading history of the Clients, among other things.

B. Due to the similar investment strategies among the Clients, WDO, from time to time, will present individual investment opportunities to multiple Clients. When WDO determines that it would be appropriate for multiple Clients to participate in an investment opportunity, the Firm will seek to execute orders on an equitable basis for all participating Clients pursuant to the Clients' Governing Documents and the Firm's investment allocation policy. The Firm may aggregate such orders, as determined on a case-by-case basis. If orders for a single investment opportunity are not filled at the same price, WDO may or may not average prices across accounts. If an order cannot be fully executed under desired conditions, WDO will allocate the investment opportunity among participating Clients in a fair and equitable basis as determined by the Firm. This could affect the prices and availability of securities in which the Clients invest. The Firm will aggregate Client orders where in the best interest of participating Clients and in accordance with such Clients' Governing Documents.

Item 13: Review of Accounts

- A. WDO's investment professionals, which include certain officers and directors, meet on an ongoing basis to discuss the status of Client investments.
- B. WDO does not generally engage in formal reviews of Clients' accounts other than during the ongoing meetings among investment professionals.
- C. WDO provides each investor with information regarding the applicable Client and its investments, as well as unaudited capital statements for the Client, on a monthly basis. WDO provides each investor with audited financial statements on an annual basis.

Item 14: Referrals and Other Compensation

- A. Only clients compensate WDO and its employees for providing investment advice to clients.
- B. As disclosed more fully in Form ADV, Part 1A, WDO compensates third parties for the referral of investors. Fees paid by investors to placement agents generally reduce the management fees and performance fees paid by such investors.

Item 15: Custody

WDO is deemed to have custody of the Funds it manages.

To comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, the Firm ensures that independently audited financial statements from a PCAOB recognized auditor, audited in accordance with generally accepted accounting principles, are delivered to the underlying investors in the Clients within 120 days of each Client's fiscal year end.

Item 16: Investment Discretion

WDO has discretionary authority over its Client assets. WDO has the discretionary authority to make any investments deemed suitable for the Clients within the investment objectives of each Client.

Item 17: Voting Client Securities

WDO has full authority to vote on behalf of Clients' securities. Due to the Clients' investment strategies and the nature of interests generally recommended by the Firm, WDO does not anticipate frequently holding public securities with voting authority on behalf of the Clients.

If the Clients do hold public securities with voting authority, WDO shall determine to vote in the best interests of the applicable Client. WDO will maintain a log of all proxies received, how WDO voted and the rationale for the vote. Any investors with questions regarding WDO's proxy voting policy or how WDO voted in a specific instance should contact WDO directly.

Item 18: Financial Information

WDO does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. WDO has not been subject of a bankruptcy petition at any time during the past ten years.