

Item 1. Cover Page

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MP Securitized Credit Partners L.P. is an investment adviser that is registered with the U.S. Securities and Exchange Commission. Registration with the U.S. Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of MP Securitized Credit Partners L.P. If you have any questions about the contents of this brochure, please contact us at (212) 651-1635. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Additional information about MP Securitized Credit Partners L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This is an annual update of our Form ADV Part 2A brochure. The brochure has been updated in Items 4, 5, 8, 10 and 13 to reflect information with respect to our new private equity fund client.

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Item 4. Advisory Business

- A. Founded in 2011, MP Securitized Credit Partners L.P. (also referred to as “we”, or the “firm”) is a New York-based investment management firm that seeks to generate high risk-adjusted absolute returns with low correlation to the broader markets by investing primarily in structured mortgage-backed and asset-backed securities. Marc Rosenthal and Noelle Savarese are the indirect principal owners of the firm.
- B. We specialize in offering investment management services to private funds and separately managed accounts for institutional investors. We take long and short positions primarily in structured mortgage-backed and asset-backed securities based upon an assessment of the credit quality of the assets that constitute the underlying collateral of the relevant security or instrument, with a reliance on extensive research and analytics. We seek to minimize the volatility of returns and preserve investment capital by investing (both long and short) among various: (i) product categories including residential mortgage-backed securities, commercial mortgage-backed securities and other asset-backed securities; (ii) whole loans, collateralized debt obligations and corporate debt (as they relate to the foregoing product categories); (iii) tiers in an issuer’s capital structure (rated or unrated); and (iv) derivative instruments (including credit default swaps, options, futures, corporate derivatives and various other hedging instruments). Our private equity fund invests in commercial mortgage instruments, primarily through derivatives, such as credit default swaps, and to a lesser extent, directly in positions in certain commercial mortgage-backed securities.
- C. Our firm tailors advisory services to the specified broad investment mandates of our clients. We adhere to the investment strategy set forth in the offering memoranda and operating agreements of the funds and the investment management agreements with our firm, including any concentration limits and other applicable guidelines arranged on a case-by-case basis with respect to each fund or managed account.
- D. We do not participate in wrap fee programs.
- E. As of December 31, 2019, the firm managed approximately \$400,398,559 in gross assets. This excludes our private equity product that was launched in February 2020. We manage clients’ assets only on a discretionary basis. Our authority with respect to managed accounts is subject to investment guidelines and applicable regulatory requirements specified in the relevant operating agreements.

Item 5. Fees and Compensation

- A. Our firm receives compensation from each of our clients based on the percentage of assets managed. In addition, the firm or its affiliate receives performance-based compensation from the private funds that we manage. Detailed information concerning our compensation and fees is contained in the offering memoranda and the operating agreements of each of our clients. Fees payable by investors in our fund clients are generally not negotiable; however, we (including our general partner affiliates) have the discretion to agree to different compensation with investors in the funds or waive compensation, including for investors that are our affiliates or employees. Fees for managed accounts are determined on a case-by-case basis.
- B. We charge management fees with respect to our private fund clients monthly in arrears or in advance, as set forth in the offering memoranda and the operating agreements of each of our clients, and with respect to our separately managed accounts monthly or quarterly in advance or in arrears as may be agreed with the account holder. Performance-based compensation with respect to our hedge fund client funds is determined annually, based on realized and unrealized gains and losses, at the end of each fiscal year or an earlier withdrawal date with respect to any capital withdrawn prior to the end of a fiscal year. An affiliate of the firm receives performance-based distributions from our private equity fund after return of capital contributions and preferred return to investors.
- C. Our client funds bear all of their organizational and offering expenses. Generally, each fund bears the following costs and expenses: expenses in connection with the its investments (including, without limitation, brokerage commissions, spreads and other fees, development fees, commissions, bank charges, transfer fees and fees and expenses as a result of investing in certain instruments), whether or not consummated; research-related costs and expenses, including market data and statistical services and the costs related to developing and maintaining a network of consultants and profit-sharing arrangements of advisors, sub-advisors, consultants, appraisers and finders in connection with the fund's investment activities and other expenses incurred in obtaining research and other information, including travel, entertainment and other expenses; expenses incurred in connection with each entity's ongoing operations (including legal and regulatory, administrative, accounting, tax, audit and insurance expenses of each entity, as well as the fund's allocable share of the fees and expenses of any third-party providers of "back office" and "middle office" services and systems relating to trade settlement, and accounting and related operations for the fund); reasonable custodial fees; interest; and certain extraordinary expenses, such as litigation and indemnification expenses.

The investment management agreements relating to separately managed accounts contain specific information on the expenses borne by them that are generally more limited than expenses that can be charged to the private funds. Certain types of

expenses are subject to limitation as provided in the funds' offering documents and the managed account agreements.

When the firm incurs expenses on behalf of multiple clients, we allocate the expenses among the applicable clients in a fair and equitable manner and consistent with the clients' governing documents. We typically allocate expenses directly related to a specific investment among the clients based on the relative value of the positions being acquired, held or sold, and shared expenses not directly related to a specific investment based on the relative net asset value or account balances of clients, subject to the relevant clients' governing documents. To the extent that our managed account agreements limit our ability to allocate any shared expenses to these clients, the firm bears that client's allocable portion of such expenses. However, we can apply other expense allocation formulas and methods that we determine to be fair and equitable.

Please refer to a fund's offering documents for further information regarding the fund's fees and expenses. Also, Item 12 details our broker selection and compensation policies.

- D. Our hedge fund client funds pay management fees monthly in arrears. Since investors in our hedge funds may make withdrawals only at the end of each quarter, fund investors do not bear management fees in excess of what they owe for the entire period. Our private equity fund client pays management fees monthly in advance, pro-rated for any commitments made on any day other than the first day of a calendar month. Management agreements with all clients provide that management fees are subject to equitable pro-ratio or rebate to the extent the relevant investment management agreement is terminated prior to the end of the month.
- E. Neither the firm nor any of our principals or employees receives any transaction-based compensation for the sale of securities in any funds or separate accounts managed by our firm.

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

All of our private fund clients are subject to performance-based compensation payable to the firm or an affiliate of our firm, but it is calculated differently with respect to hedge funds and private equity fund. We may manage managed account assets that are not subject to performance-based compensation. This side-by-side management creates a potential conflict in that the firm may be incentivized to allocate investment opportunities to the clients that are subject to performance-based compensation. The firm has adopted and applies investment allocation policies designed to achieve equitable allocation among our clients over time. Specifically, our policy prevents us from taking our compensation into account when allocating limited investment opportunities.

Item 7. Types of Clients

Most of our advisory assets are attributed to private investment fund clients that are exempt from registration under the Investment Company Act of 1940, as amended, and the Securities Act of 1933, as amended. Accordingly, investors in the funds must satisfy the applicable eligibility and suitability requirements in order for the funds to maintain their exempt status. We generally require investors in our private funds to be “accredited investors” and “qualified purchasers” (as defined in applicable federal securities laws and regulations). Our client funds have a diverse group of global investors, including public and private pension funds, endowments, foundations, financial institutions, insurance companies, fund of funds and high-net-worth individuals. We also provide advisory services with respect to managed accounts for an institutional investor.

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

- A. The firm focuses on investing (both long and short) in various types of mortgage- and/or asset-backed securities and securitized assets, including residential mortgage-backed securities, commercial mortgage-backed securities and other asset-backed securities, whole loans, collateralized debt obligations and corporate debt (as they relate to the foregoing product categories), tiers in an issuer's capital structure (rated or unrated); and derivative instruments (including credit default swaps, options, futures, corporate derivatives and various other hedging instruments). We employ a disciplined bottom-up approach centered upon an assessment of the credit quality of the assets that constitute the underlying collateral of the relevant security or instrument, with a reliance on extensive research and analytics. Our strategy for identifying what we perceive to be mis-valued assets involves the use of extensive research (both quantitative and qualitative), proprietary loan level models (loss, prepay and housing forecasts), capital structure reengineering, servicer analysis and due diligence. In addition, we will employ a rigorous portfolio management process that will analyze cash flows and collateral on a loan level basis.
- B. We employ leverage in the furtherance of our clients' investment objectives. We will generally limit the amount of leverage used by the hedge fund clients to 3.0x to 5.0x of their net asset value, although the actual leverage may from time to time be outside this range if the firm believes that market conditions so permit. Our private equity fund client can be subject to significant synthetic leverage through the credit default swaps in which it invests. We will conduct a careful assessment of leverage availability and optimal use and will employ leverage based upon the perceived opportunities (or lack thereof) available in the market. Positions can be financed by various sources of funding, including, without limitation, margin, bank lines, credit facilities and the repurchase markets. Leverage may also result from investing in secured transactions that impose restrictions on distributions to investors and in various forms of derivative instruments.
- C. See Items 8.A. and 8.C.
- D. The firm's dedication to risk management aims to identify and appropriately address the sorts of risk inherent in the types of transactions in which we participate. However, despite our risk management process, investing in any securities and other instruments involves a risk of loss that any of our clients and any of the investors in our clients must be prepared to bear.

Examples of potential areas of risk associated with the types of investment strategies in which we engage include, without limitation:

General Investment Risk. All investments risk the complete loss of capital. There is no assurance that our clients' investment program will be successful or that investments purchased by our clients will increase in value. In addition, there will

be competition for investment opportunities by investment vehicles and others with investment objectives and strategies similar to those of our clients. There can be no assurance that we will be able to locate and complete investments which satisfy the clients' objectives. Returns generated from investments may not adequately compensate investors for the business and financial risks assumed.

Dislocations in the Fixed-Income Sector. Any dislocation in the fixed-income sector or weakness in the broader financial market could adversely affect our clients, which could result in increases in borrowing costs, reductions in liquidity and reductions in the value of the investments. Adverse financial conditions could affect one or more of the counterparties providing financing for our clients' portfolios and could cause those counterparties to be unwilling or unable to provide financing. This could potentially limit our clients' ability to finance their investments and operations, increase financing costs and reduce liquidity. This risk is exacerbated if a substantial portion of our clients' financing is provided by a relatively small number of counterparties. If one or more major market participants fail or withdraw from the market, it could negatively impact the marketability of all fixed-income securities and this could reduce the value of the securities in our clients' portfolios. Furthermore, if one or more counterparties are unwilling or unable to provide ongoing financing, our clients could be forced to sell their investments at a time when prices are depressed.

Developments in the market for many types of fixed-income products have resulted in reduced liquidity for many of these types of investments. Such reduced liquidity could adversely affect our clients.

Asset-Backed Securities Generally. Long and short positions in asset-backed securities (including mortgage-backed securities) can be highly volatile and illiquid. Asset-backed securities are bonds or notes backed by loans or other financial assets which are subject to delinquency, foreclosure and loss, which could result in losses to our clients. The ability of a borrower to repay a loan underlying an asset-backed security is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair borrowers' abilities to repay their loans.

Non-Performing Loans. We may make investments in securities backed by loans which may be at the time of their acquisition, or may become after their acquisition, non-performing loans. In the event of any default of a loan underlying a security held by one or more of our clients, there exists a risk of loss with respect to any deficiency between the value of the collateral and the principal and accrued interest of the loan. This deficiency could have a material adverse effect on the security. Other non-performing loans may require workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the original principal amount of such loans. Further, even if a restructuring of the loans is successfully accomplished, a risk exists that upon maturity of the loans, replacement financing will not be available,

and the loans may not be repaid. In the event of the bankruptcy of a borrower, the loan to that borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court). The lien securing the loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law. Realizing any value under such circumstances can be an expensive and lengthy process that could have a substantial negative effect on the anticipated return on the loan and on the security backed by such loan.

Subordinated Securities. We may make investments in subordinated asset-backed securities which could subject our clients to increased risk of losses. In general, losses on an asset securing a loan included in a securitization will be borne first by the equity holder of the asset, then by a cash reserve fund or letter of credit provided by the borrower, if any, and then by the “first loss” subordinated security holder. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which we invest, our clients may not be able to recover all of the investment in the securities it purchases. In addition, if the underlying portfolio of assets has been overvalued by the originator, or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related asset-backed securities, the securities in which we invest may effectively become the “first loss” position behind the more senior securities, which may result in significant losses to our clients.

Unregistered Transactions. We may invest in asset-backed securities that are traded in private, unregistered transactions that are subject to restrictions on resale or otherwise have no established trading market. As a result, our ability to vary our clients’ portfolios in response to changes in economic and other conditions may be relatively limited. Such securities may also be subject to other legal restrictions on resale, transfer, pledge or other disposition which will make them infrequently traded and less liquid than publicly traded securities. This may make it difficult for us to liquidate such investments if the need arises. In addition, if we must liquidate all or a portion of such investments quickly, our clients may realize significantly less than the value at which we previously recorded the investments. We may face other restrictions on our ability to liquidate an investment in a business entity if we have material non-public information regarding the issuer.

Mortgage-Backed Securities. We may take long and short positions in asset-backed securities backed by residential or commercial loans. Developments in the market for many types of mortgage products (including mortgage-backed securities) have resulted in substantially reduced liquidity for these assets. Although this reduction in liquidity has been most acute with regard to sub-prime assets, there has been an overall reduction in liquidity across the credit spectrum of mortgage products. The dislocations in the sub-prime mortgage sector, and the weakness in the broader financial market, could adversely affect our clients and one or more lenders, which could result in increases in borrowing costs, reductions in liquidity and reductions

in the value of the investments. The financial condition could affect one or more of the counterparties providing repurchase agreement funding for a mortgage-backed securities portfolio and could cause those counterparties to be unwilling or unable to provide financing. This could potentially limit our clients' ability to finance their investments and operations, increase financing costs and reduce liquidity. This risk is exacerbated if a relatively small number of counterparties provides a substantial portion of our clients repurchase agreement financing. If one or more major market participants fails or withdraws from the market, it could negatively impact the marketability of all fixed income securities, including government mortgage securities. This could reduce the value of the securities in our clients' portfolios, thus reducing the net book value. Furthermore, if one or more counterparties are unwilling or unable to provide ongoing financing, we could be forced to sell investments at a time when prices are depressed.

Residential Mortgage Loans. We may make investments in mortgage-backed securities backed by residential mortgage loans. These securities may be backed by non-prime or sub-prime residential mortgage loans, which are subject to higher delinquency, foreclosure and loss rates than prime residential mortgage loans and which could result in higher losses to our clients. Non-prime and sub-prime residential mortgage loans are made to borrowers who have poor or limited credit histories and, as a result, do not qualify for traditional mortgage products. Because of the poor, or lack of, credit history, non-prime and sub-prime borrowers have materially higher rates of delinquencies, foreclosure and loss compared to prime credit quality borrowers. In addition, certain federal and state agencies have raised questions about and are seeking to determine whether systemic weaknesses in documentation, policies, procedures and internal controls are leading to improper foreclosures of residential loans. As a significant portion of our clients' assets may be invested in mortgage-backed securities backed by residential mortgage loans, a delay in the ability to effect foreclosures on the collateral securing such loans, or the complete inability to do so, could result in significant losses to our clients. There is limited history with respect to the performance of residential mortgage-backed securities backed by residential mortgage loans over various economic cycles. Investments in non-prime and sub-prime residential mortgage-backed securities backed by sub-prime or non-prime residential mortgage loans and investments in derivatives that reference sub-prime or non-prime residential mortgage-backed securities have higher risk than investments in residential mortgage-backed securities backed by prime residential mortgage loans.

Commercial Mortgage Loans. We may make investments in mortgage-backed securities backed by commercial mortgage loans. Commercial mortgage loans are generally secured by multifamily or commercial property and are subject to risks of delinquency, foreclosure and loss. The ability of a borrower to repay a loan secured by an income-producing property is dependent primarily upon the successful operation of such property. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income producing property can be affected by, among other things: tenant mix,

success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

Debt Securities. Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Debt securities generally involve less market risk than stocks. However, the risk of debt securities can vary significantly depending upon factors such as the issuer and maturity. For example, the issuer of a security or the counterparty to a contract may default or otherwise become unable to honor a financial obligation. The debt securities of some companies may be riskier than the stocks of others.

Low-Rated or Unrated Debt Securities. Our clients may purchase low-rated or unrated debt securities. Such securities may offer higher yields than do higher-rated securities, but generally involve greater volatility of price and risk of principal and income, including the possibility of default by, or bankruptcy of, the issuers of the securities. The lack of a liquid secondary market for low and unrated debt securities may have an adverse impact on the firm's ability to dispose of such securities and may make it more difficult for the firm to obtain accurate market quotations on behalf of our clients. Such transactions are not subject to exchange rules.

Credit Default Swaps. Our private equity fund client will invest in credit default swaps as part of its investment strategy to implement the firm's view that a particular commercial mortgage-backed credit, or group of such credits, are likely to experience credit impairment. A credit default swap is a contract between two parties which transfers the credit risk associated with a particular debt instrument as it relates to the failure to pay principal or interest on time in respect of such referenced debt instrument. The "buyer of protection" in a credit default contract is obligated to pay the "seller of protection" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. If a credit event occurs, the seller of protection typically must pay the contingent payment to the buyer. credit default swaps use a "pay as you go" structure for credit events. This allows for partial write downs and shortfalls that do not lead to a termination of credit default swap contract. Credit default swap contracts are structured as baskets of 25 equally weighted, single issue a credit default swap. That means that the performance of the 25 credit default swap reference bonds is tracked independently

through 25 uncrossed credit default swap components. If one reference credit default swap bonds is written down, the seller of protection will pay the buyer of protection an amount equal to the notional amount for this specific default amount. The firm intends to purchase credit default protection if, in the judgment of the firm, there is a high likelihood of credit deterioration. The payments paid to enter into credit default swap will reduce such client's returns. If the firm is incorrect in its forecasts of default risks, market spreads or other applicable factors, the client's performance will be adversely impacted. Moreover, even if the firm is correct in its forecasts, there is a risk that a credit derivative position may correlate imperfectly with the price of the asset or liability being protected.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Credit default swaps entered into by the firm involve credit risk to the extent that the client's market counterparties are unable or unwilling to fulfill their contractual obligations. The U.S. federal income tax treatment of credit default swaps is complex and subject to considerable controversy. The U.S. federal income tax treatment of any particular credit default swap will depend on the particular terms of that swap.

Interest Rate Fluctuations. The prices of portfolio investments tend to be sensitive to interest rate fluctuations and unexpected fluctuations in interest rates could cause the corresponding prices of the long and short portions of a position to move in directions not initially anticipated. For example, as interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. In addition, interest rate increases generally will increase the interest carrying costs to the clients of borrowed securities and leveraged investments.

Access to Information; Projections. Our strategies and the success of our clients depend upon our ability to gather all relevant information about each investment and to assess it accurately, not only at the time of investment but through our holding period until the firm disposes of the investment. Our expectations regarding the favorable outcome of any investment can be adversely affected by numerous factors beyond our control, including our receipt of incomplete or inaccurate data, our failure to assess it accurately, and unpredictable changes in circumstances, including unforeseeable macroeconomic circumstances unrelated to our analysis of the specific investment.

Short Sales. Strategies for certain clients call for short sales not only for hedging purposes but also occasionally to exploit situations in which the firm believes an investment has been overvalued by market participants. If the firm's assessment of these situations is incorrect, there is risk that the funds could incur a potentially unlimited amount of loss from the short sale.

Leverage. The firm generally has the discretion to use borrowing and other forms of leverage in its strategies for certain clients. Such leverage may be incurred through direct borrowing or the use of derivatives. While the use of leverage can amplify the profit on successful investments, it can also amplify the losses incurred on unsuccessful investments.

Derivative Instruments. For certain clients, the firm uses various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Valuation. Investors in our hedge fund clients purchase and redeem interests based on a determination of the fair value of the assets and liabilities of these funds. In addition, management fees and incentive compensation with respect to hedge fund clients are determined by reference to these valuations. In the case of any investment for which a quotation from an independent source is not available or is determined by the firm to be unreliable or inadequate, the firm is authorized, to the extent permitted by applicable law, to value the positions at their fair value in such manner as the firm determines in good faith. Investors in our hedge fund clients could be adversely affected in connection with subscriptions or redemptions to the extent the values so determined are incorrect. There exists a potential conflict of interest with respect to the determination of fair value for hedge fund clients because the firm is entitled to compensation based on assets under management, as well as on unrealized gains and losses.

Competition. The success of investments typically depends on our ability to identify or exploit opportunities more efficiently than other market participants. The ability to do so may be adversely affected as a result of the highly competitive nature of the asset management industry.

Fund Structure: Limited Liquidity and Transparency. An investor's investment in any fund client is subject to the structure and terms of the relevant fund client. These can include rights to liquidity and transparency that are more restrictive than would be the case for a managed account held by a custodian in the investor's name or for the personal account of the investor in its own name. Investors in our private equity fund client do not have no rights to redeem their interests.

Limited Liability and Indemnification. Each client's operating agreements limit the instances in which the firm may be held liable and generally provide that, in the absence of bad faith, willful misconduct or gross negligence, none of the firm or its affiliates will be liable unless otherwise required by law. In addition, the firm and its affiliates are entitled to full indemnification by each client with respect to their services in the absence of a breach of the standard of care which can result in significant financial burdens borne by the investors.

Conflicts of Interest. As described elsewhere in this brochure, the firm is subject to various conflicts of interest as a result of our management of multiple clients, regulatory restrictions imposed by laws applicable to some clients, the nature of our compensation arrangements, and the use of our fund structure. The existence of these conflicts of interest may influence the independence of the firm's judgment. This brochure contains information about how the firm manages these conflicts.

Dependence on Senior Portfolio Managers. The success of the firm is dependent on the investment expertise of the senior portfolio managers and the loss of any senior portfolio manager's services could have a material negative impact on performance. Additionally, no senior portfolio manager is required to devote all of his or her time to the affairs of any one client, and he or she may invest in other business ventures of any nature and may trade for his own account subject to compliance with the firm's policies and procedures on personal trading.

Cybersecurity. The computer systems, networks and devices used by us and service providers to us and a client to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client and its investors could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; interference with our ability to calculate the value of an investment in a client; impediments to trading; the inability us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; counterparties with which a client engages in transactions; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

The private placement memorandum for each of our client funds contains a discussion of various risk considerations that is more extensive in scope and depth than the summary above.

Item 9. Disciplinary Information

In the past ten years, there have been no legal or disciplinary events involving the firm or any of our management persons that are material to a current investor's or prospective investor's evaluation of our advisory business.

Item 10. Other Financial Industry Activities and Affiliations

- A. Neither the firm nor any of our management persons is currently registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the firm nor any of our management persons is currently registered as a futures commission merchant, a commodity trading advisor or an associated person of the foregoing entities. The firm is currently registered as a commodity pool operator with the Commodity Futures Trading Commission and is a member of the National Futures Association. The firm acts as the commodity pool operator with respect to the following pools for which it has claimed an exemption from certain requirements in reliance on Regulation 4.7: MP Securitized Credit Fund, Ltd., MP Securitized Credit Fund, L.P., MP Securitized Credit Master Fund, L.P. and MP Opportunity Fund Ltd.
- C. In addition to serving as a discretionary investment manager to each of our client funds, we (or our affiliates) manage each of our private funds either as the general partner (in the case of partnerships) or by designating principals of our firm to serve on the board of directors along with a majority of independent directors that are initially appointed by our firm (in the case of corporations). As a result, our private funds do not have independent management. As of the date of this brochure, the firm serves as investment adviser for the following private funds: (i) MP Securitized Credit Fund, Ltd. and MP Securitized Credit Fund, L.P., each a feeder fund that conducts all or substantially all of its investment activities through MP Securitized Credit Master Fund, L.P. for which MP Securitized Credit Fund GP LLC, an affiliate of the investment manager, serves as the general partner, and (ii) MP Opportunity Fund Ltd.

Since we have more than one client, our personnel cannot devote their exclusive attention to any single client.

We currently serve as investment manager to multiple clients and may in the future serve as investment manager to new funds or other investment products or accounts that may invest in assets or employ strategies that overlap with the strategies of other entities that the firm manages. Our clients may, therefore, compete with other clients of the firm for investment opportunities. In accordance with the firm's allocation policy, the firm will allocate investment opportunities among its clients on a basis that it considers in good faith to be fair and reasonable. The firm's allocation policy provides that investments will generally be made and disposed of on a pro rata basis in proportion to the respective month-end net asset values of clients with the same investment strategy (subject to adjustment for intra-month capital activity and limitations on minimum trading increments or lots). The exceptions to the foregoing principle can be made if we determine that a different allocation is appropriate in light of (i) the specific nature, time horizon and type of the investment or sale opportunity; (ii) portfolio diversification and concentration

concerns; (iii) the applicable contractual obligations and investment limitations and guidelines of each account; (iv) the position and portfolio risk characteristics of the investment opportunity (ability to hedge position or portfolio, short etc.); (v) leverage constraints; (vi) size of opportunity; (vii) cash availability; (viii) actual and anticipated subscription and redemption activity and unfunded commitments, as applicable; (ix) a determination that the investment or sale opportunity is inappropriate, in whole or in part, with respect to one or more funds or accounts; (x) investment focus of each fund or account; (xi) legal, regulatory, tax and other considerations; and (xii) any other considerations that the firm may reasonably deem appropriate. Any exceptions to the pro rata allocation must be approved by the firm's portfolio manager and reported to compliance personnel and our board of managing principals on a quarterly basis.

Situations where an investment may be shared or allocated away from a client can arise as a result of the fact that the firm has the ability to form, sponsor and/or manage other investment vehicles or accounts. We do not take into account compensation payable by various clients or the amount of investment held by the firm's affiliates in certain client accounts in allocating investment opportunities. Additional information about our allocation policies and disclosure on any investment priorities appears in the offering documents for our client funds.

We may make investment decisions for some clients that may be different from those the firm makes on behalf of the other clients (including the timing and nature of the action taken), even where the investment objectives of the clients are the same or similar. For example, the firm may at certain times be simultaneously seeking to purchase or sell the same or similar investments for various clients in light of differences in additional commitments, subscriptions and redemptions, as applicable, with respect to client accounts. Likewise, we can make an investment for a client in an issuer or obligor in which another client is already invested or has co-invested. Conflicts may result in the event our advisory clients own securities or other instruments of the same issuer having a different seniority, or where some of our clients have a pre-existing relationship with an issuer.

Clients of our firm may co-invest in certain transactions to the extent the operating agreements permit co-investment. Our client funds commingle all or a portion of their assets in collective investment vehicles or accounts, such as master-feeder structures, in order to facilitate co-investment. Ownership interests in these vehicles are typically recorded by means of private book entry in records maintained by the relevant investment manager.

To the extent permitted by applicable law, the firm may cause client accounts to buy positions from or to sell positions to other client accounts in re-balancing transactions resulting from additional commitments, subscriptions or redemptions, as applicable, or in other circumstances where the transactions are considered advisable for both parties, unless the client's operating agreements or investment management agreements prohibit such transactions. All cross transactions will be

effected at prevailing market prices, in accordance with all applicable laws and subject to requirements in the participating clients' operating documents. Subject to the foregoing, no client will buy positions from or sell positions to the firm.

The potential to earn performance-based compensation could give the firm an incentive to invest client assets in an aggressive or speculative manner. We seek to minimize this conflict by taking a disciplined approach to portfolio risk management and by maintaining a significant investment in each of the funds we manage.

Since performance compensation for our hedge fund clients is based in part on unrealized gains and losses, there is theoretically an incentive to inflate the value of client assets through fair valuation determinations. We follow detailed valuation methodologies to ensure consistent valuations with respect to the funds we manage, and an independent administrator values assets and interests in our client funds.

- D. We do not recommend or select other investment advisers for our clients.

Item 11. Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

- A. Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended, the firm adopted a Code of Conduct and Ethics (as amended from time to time, the Code) acknowledging its fiduciary obligations towards our clients, including a requirement to act at all times in the clients' best interests. The Code contains a variety of guidelines and requirements including pre-clearance and reporting of personal securities transactions by principals and employees of the firm (collectively known as "employees"), restricting or prohibiting certain types of transactions (including in any securities on the firm's combined restricted list), prohibiting trading of securities while in possession of material non-public information, monitoring of giving and receiving gifts and entertainment, pre-clearance and reporting of political contributions, limitations on employees' outside activities, policies relating to the firm's books and records, requirements with respect to marketing materials and other disclosure provided by the firm, proxy voting policy, brokerage policy, privacy policy, anti-money laundering policy, and disaster recovery and business continuity plan. All employees must acknowledge and agree to the terms of the Code, as well as provide records of or access to any personal trading accounts and an annual compliance certification. This paragraph only represents a list of certain provisions in our Code. We provide access to a copy of our Code to any client or prospective client upon request.
- B. Our employees do not recommend to the firm's clients, nor do they buy or sell for the clients, securities or other instruments in which they have a material financial interest in their personal trading accounts. Some of our clients invest through master accounts or other investment subsidiaries for which our affiliates serve as the general partners or directors, but there is no additional compensation payable to the firm or its affiliates in connection with these arrangements.
- C. The firm has a set of procedures in place to ensure that we address any potential conflicts that may arise between our clients and employees' personal trading activities. The Code provides that employees may not invest for their personal accounts in the securities of any company to the extent any client account is invested in the company or is considering an investment in the company. Prior to executing any trade for a personal account, employees must input information about the security to be traded into the firm's tracking system that will match the security with any positions included in the firm's general restricted list comprised of positions in client accounts, positions that are being considered for client accounts or companies on which the firm has material non-public or confidential information. If a security is identified as restricted, an employee may not transact in the security for a personal account. The Code provides that employees must arrange for duplicate statements of or access to all personal account activity to be sent to the firm. In addition, employees must submit quarterly and annual holdings reports to the firm in the absence of an automatic brokerage feed. The firm's chief compliance officer or his designee conducts periodic reviews of personal account submissions by employees.

To the extent there is any finding relating to personal trading activity that is inconsistent with the firm's policy, the chief compliance officer or his designee will investigate and, as with any breach of the firm's policies, a violation is subject to disciplinary action, which may include dismissal.

D. See Item 11.C.

Item 12. Brokerage Practices

- A. In placing portfolio transactions, we seek to obtain the best execution for our clients, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker, including minimum net capital requirements and the level of indebtedness; regulatory and disciplinary history; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research and other services and products (including those described below) considered to be of value; access to underwritten offerings and secondary markets; responsiveness and qualified personnel; institutional references; trading experience; providing access to issuers; facilitating analyst access and road shows; special abilities of a broker that add value to clients; and the competitiveness of commission rates in comparison with other brokers satisfying the firm's other selection criteria. The firm does not have to weigh any of these factors equally.

The firm maintains a list of pre-approved brokers, selected based on the above criteria, and distributed to the firm's trading personnel. The list is subject to periodic review and updated by the firm's chief compliance officer or his designee. To the extent a trader wishes to use a broker that is not on the pre-approved broker list, he or she must seek approval from the firm's chief compliance officer or his designee, subject to very narrow exceptions.

1. Soft Dollars Generally. The firm generally does not utilize "soft dollars". However, our brokerage policy enables us to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to or pay higher commissions to brokerage firms that provide us with investment and research information. Since commission rates in the United States as well as in certain other jurisdictions are negotiable, selecting brokers on the basis of considerations that are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable. Research products and services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. In the event that the firm utilizes "soft dollars", it will do so solely to pay for products or services that qualify for the safe harbor within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.
2. The Use of Soft Dollars Can Create a Conflict of Interest. Using client transactions to obtain research and other benefits creates incentives that may result in conflicts of interest between advisers and their clients. The

availability of these benefits may influence the firm to select one broker rather than another to perform services for clients, based on the firm's interest in receiving the products and services instead of on our clients' interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers. However, we will make a good faith determination that the amount of commission is reasonable in relation to the overall services provided, viewed in terms of either the specific transaction or our overall responsibility to our clients.

The use of soft dollars to obtain research services and to pay for other costs and investment expenses that our firm might otherwise incur (such as third-party research and investment information, investment execution services, research and financial newsletters) creates a conflict of interest between our firm and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of our firm or other clients. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

3. We May Consider Referrals in the Selection of Brokers and Dealers. Subject to seeking best execution, we may consider referrals of potential investors to our clients as a factor in the selection of brokers. We may execute trades with brokers and dealers or utilize prime brokers with whom the firm or the funds' portfolio companies have other business relationships, including credit relationships, capital introduction, investments by affiliates of the broker-dealers in our clients or investment banking or advisory relationships with our portfolio companies; however, we do not intend for these other relationships to influence the choice of brokers and dealers who execute trades for our clients or our choice of prime brokers.
4. Our Clients Do Not Direct Brokerage. Our firm does not recommend, request or require that a client, nor do we generally permit a client to, direct us to execute transactions through a specified broker-dealer.

- B. If the firm has determined to invest at the same time for more than one of our clients, it can, but is not required to, place combined orders for those clients simultaneously and if all of the orders are not filled at the same price, it can average the prices paid. Although combined orders tend to lower execution costs, in certain circumstances, combining orders will result in higher prices paid by certain client accounts than if the orders had been entered separately. If an aggregated order cannot be fully executed under prevailing market conditions, the firm may allocate the investments among the client accounts in its discretion.

Item 13. Review of Accounts

- A. Monitoring of Accounts. The firm’s investment professionals, including the senior portfolio managers, review investments on an ongoing basis. Where appropriate, these reviews include an assessment of daily profit and loss reports with respect to the clients’ investment positions and monitoring the clients’ exposure to several risk factors, including product concentration, size, value, volatility, leverage, yield and liquidity and running its proprietary “risk metric” models to seek to quantify the clients’ exposure to these risks. This “risk metric” model runs each position through a series of stress scenarios and estimates a worst-case loss, on an aggregated basis at the client level, for each stress scenario.
- B. Review Triggers. The firm regularly supervises and monitors the activities of our clients, as referenced above in Item 13.A.
- C. Reports. We provide investors in our client funds with monthly capital statements, which also include information on the investor’s remaining capital commitment in our private equity fund. Additionally, we provide audited annual reports for each of our funds containing financial statements examined by our independent auditors as well as such tax information as is necessary for each investor in our domestic funds to complete its U.S. federal and state income tax or information returns, along with any other tax information required by law. Managed account clients receive such reports as specified in the investment management agreement.

Item 14. Client Referrals and Other Compensation

- A. Our firm does not receive any economic benefit from non-clients for providing advisory services to our clients.
- B. Neither the firm nor its related persons compensate any person who is not a supervised person for client referrals. To the extent the firm does so, any such arrangements shall comply with the requirements of Rule 206(4)-3. In addition, we have entered into an arrangement with a broker-dealer firm relating to introduction of advisory clients of such firms to purchase interests in our client funds and may enter into additional agreements in the future. Occasionally, these arrangements provide for a payment of a fee by our firm to the introducing broker either directly or through rebate or discounts of our fees with respect to investors in our private funds introduced by such broker.

Item 15. Custody

Due to our access to client funds and securities as general partner or investment manager for our private fund clients, and our authority to deduct fees and other expenses from these clients' accounts, we are deemed to have constructive custody of these clients' funds and securities within the meaning of Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended (known as the Custody Rule).

We utilize the services of unrelated financial institutions or other qualified custodians (as defined in the Custody Rule) to hold the funds and securities of all of our clients, with the exception of certain privately offered securities to the extent permitted by the Custody Rule. We also ensure that the qualified custodian maintains such funds in accounts that contain only clients' funds and securities, which may be under our name as agent or trustee for the client.

With respect to our private fund clients that are collective investment vehicles for which we are deemed to have constructive custody, we comply with the periodic reporting requirements of the Custody Rule by arranging for annual financial statements, prepared in accordance with generally accepted accounting principles and audited by an independent auditor that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to be delivered to each investor in our client funds within 120 days of the end of the relevant fund's fiscal year.

We do not have actual or constructive custody with respect to our managed accounts.

Item 16. Investment Discretion

All of our firm's investment advisory services involve the management of client accounts on a fully discretionary basis and, in the case of managed accounts, subject to the agreed upon investment guidelines. We have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell, the broker through which we effect trades, and the commission rates at which we effect trades. In exercising this authority, we adhere to the investment strategy and program set forth in each fund's offering memorandum and the investment management agreement.

Investors in our client funds are required to complete subscription documents to acquire an interest in the fund, which, among other things, confirm that the investor has reviewed the relevant disclosure documents describing the scope of our authority and the inability of any investor to direct our trading activities. The investment management agreements with our managed account clients contain provisions vesting full investment discretion in our firm, subject to the investment guidelines contained in the agreements, and in some instances appoint our firm as attorney-in-fact for purposes of conducting the investment program on behalf of the client account.

Item 17. Voting Client Securities

Because our clients have delegated the power to vote their securities to our firm, we have implemented proxy voting policies and procedures in accordance with securities laws and our fiduciary obligations to our clients. After studying proxy materials and any other information that may be necessary or beneficial to voting, we always strive to vote proxies in a manner that we believe reasonably furthers the best interests of our clients and is consistent with the relevant client's investment philosophy as set forth in its offering documents. The major proxy-related issues generally fall within five categories: corporate governance, takeover defenses, compensation plans, capital structure, and social responsibility. We will cast votes for these matters on a case-by-case basis. We will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with manager performance and market practices.

If a proxy vote creates a material conflict between the interests of the firm and a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on the firm's determination of the client's best interest and was not the product of the conflict.

The firm maintains records of (i) all proxy statements and materials the firm receives on behalf of clients (with the exception of materials that are publicly available, through the Securities and Exchange Commission website or otherwise); (ii) all proxy votes that are made on behalf of the clients; (iii) all documents created by us that were material to our decision as to how to vote or that memorializes the basis for that decision; (iv) all written requests from clients regarding voting history (to the extent such requests exist); and (v) all responses (written and oral) to clients' requests.

Upon request, any of our clients or any of the investors in our clients can obtain (i) a copy of our proxy voting policies and procedures and (ii) information concerning proxy voting on its behalf.

Item 18. Financial Information

- A. We do not require, nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.
- C. Our firm has never been the subject of a bankruptcy petition.