



ITEM 1. COVER PAGE

METROPOLITAN PARTNERS GROUP MANAGEMENT, LLC

850 Third Avenue, 18th Floor
New York, NY 10022

Tel: 212-561-1250
www.metpg.com

**Part 2A of Form ADV
(the “Brochure”)**

February 23, 2021

This brochure provides information about the qualifications and business practices of Metropolitan Partners Group Management, LLC (“Metropolitan” or the “Firm”). If you have any questions about the contents of this brochure, or to request a current copy free of charge, please contact Metropolitan’s Chief Compliance Officer, Adrian Blumfield, at (212) 561-1258 or ablumfield@metpg.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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





ITEM 2: MATERIAL CHANGES

Since the Adviser's most recent Form ADV filing, dated March 30, 2020, the only material change is that Adrian Blumfield is now the Adviser's Chief Compliance Officer.





ITEM 3: TABLE OF CONTENTS

Item 1. Cover Page 1

Item 2: Material Changes 2

Item 3: Table of Contents..... 3

Item 4: Advisory Business 4

Item 5: Fees and Compensation..... 4

Item 6: Performance-Based Fees and Side-by-Side Management..... 6

Item 7: Types of Clients..... 6

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss 6

Item 9: Disciplinary Information..... 8

Item 10: Other Financial Industry Activities and Affiliations 8

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... 9

Item 12: Brokerage Practices 11

Item 13: Review of Accounts..... 11

Item 14: Client Referrals and Other Compensation 11

Item 15: Custody 11

Item 16: Investment Discretion..... 11

Item 17: Voting Client Securities..... 12

Item 18: Financial Information 12





ITEM 4: ADVISORY BUSINESS

Metropolitan is an alternative investment manager based in New York that advises Clients on direct lending strategies. Metropolitan's team is composed of 21 professionals with operating and investment expertise. The Firm's founder and Managing Partner, Paul Lisiak, oversees its investment activities and has deep experience in direct lending, having served as a direct investor in over 80 private companies in the past 21 years.

Metropolitan provides advisory services on a discretionary and non-discretionary basis to its clients, which are private pooled investment vehicles (each a "Fund" and collectively the "Funds") and managed accounts (the "Managed Accounts" and, together with the Funds, the "Clients") intended for sophisticated investors, family offices, and other institutional investors. The material terms applicable to each Fund are set forth in the Fund's governing documents, including its limited partnership agreement or operating agreement, subscription agreement, private placement memorandum, investment management agreement and/or separately managed account agreement (individually and collectively, the "Governing Documents"). The Funds are structured as long-term investment vehicles with expiration terms provided in the organizational documents for each fund, usually upon termination of the last underlying investment.

Metropolitan Merchant Capital Advisers, LLC was formed in April 2016 to act as an investment adviser to certain private investment funds and managed accounts. Metropolitan Merchant Capital Advisers, LLC is under common control and shares the same office as Metropolitan. Metropolitan Merchant Capital Advisers, LLC operates under Metropolitan's regulatory umbrella as a Relying Adviser as noted in Metropolitan's Form ADV Part 1. Going forward, reference herein to Metropolitan shall refer to Metropolitan and Metropolitan Merchant Capital Advisers, LLC.

Metropolitan's core strategy is to provide senior-secured, transitional capital to small and mid-sized businesses in the U.S. that have not had an institutional investor, are going through a period of growth and require additional capital in order to achieve scale. The firm provides short-term loans of \$5 million to \$25 million to fundamentally sound companies with a typical loan term of 12 to 36 months. Since its inception in 2008, Metropolitan has deployed more than \$1 billion of capital and completed over 80 investments with companies across several business sectors, including specialty finance & financial services, housing, farmland & agriculture, and technology & media.

The Funds and Managed Accounts generally make direct debt investments in privately held companies. From time to time, Metropolitan is engaged to provide general business consulting to these companies prior to, and occasionally subsequent to, forming the private investment funds that will eventually invest in them. As compensation for these consulting engagements, Metropolitan normally receives a fixed monthly fee and may also receive equity in these companies in the form of warrants.

Metropolitan may also, from time to time, provide consulting services consisting of investment analysis, strategic planning and general business advice for high net worth individuals and small or private companies that may or may not be invested in by Metropolitan or its clients. Compensation generally takes the form of a fixed fee, charged in arrears, with the arrangement usually being of a set duration and terminable at will. Equity warrants may also be included in the compensation arrangements.

As of December 31, 2019, Metropolitan had \$546,320,600 of client regulatory assets under management, \$401,519,600 of which were managed on a discretionary basis and \$144,801,000 of which were managed on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Metropolitan typically charges a management fee of up to 2% per annum, based on capital under management or committed capital, paid either in advance or in arrears, based on the Governing Documents. This fee may be deducted from clients' initial capital contribution or it may be deducted from the Clients' gross returns prior to making distributions to investors. Management fees may be paid to Metropolitan or any of its affiliates.

In addition, typically Metropolitan will be compensated under a performance-based arrangement in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act"). In such instances, Metropolitan is generally entitled to receive





a carried interest or incentive allocation of 15% to 20% of profits on distributions derived from the disposition of investments or securities, subject to a cumulative annual hurdle rate that may vary from 8% to 15%, calculated on the basis of each investor's contributed capital. Such carried interest may be paid to Metropolitan or any of its affiliates. Generally, fees are not negotiable. However, Metropolitan may apply a different fee schedule to investors who are Metropolitan employees, their family members and certain other investors.

As described above in Item 4, Metropolitan may also receive fixed monthly fees for general consulting services rendered to both corporate and high net worth individual clients.

Metropolitan may also receive monitoring, due diligence and administrative fees. Certain of these fees may be received by Metropolitan or any of its affiliates, including certain of the Funds.

In connection with Metropolitan's advisory services, its Clients generally bear, or have borne, each of their own operating and investment-related expenses, including, but not limited to, for example:

- organizational and formation expenses subject to certain limitations;
- fees, costs and expenses directly related to their purchase and sale of investments (including legal, due diligence and out-of-pocket expenses), including interest and expenses payable on any indebtedness incurred by a Client;
- costs and expenses of managing Clients' investments;
- fees and expenses of outside consultants and experts that Metropolitan may engage in connection with making or managing investments;
- any withholding or other taxes;
- expenses of custodians, third-party tax professionals and auditors, attorneys and other service providers;
- insurance, risk management, indemnity and litigation expenses;
- costs and expenses incurred in dissolving, winding-up and terminating each Fund and in realizing its investments;
- marketing expenses; and
- other administration costs.

Additional information on fees and expenses incurred by Clients can be found in each Client's applicable Governing Documents.





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

As described above in Item 5, in addition to management fees charged as a percentage of assets under management, typically, Metropolitan will also be compensated under a performance-based arrangement in compliance with Rule 205-3 under the Advisers Act. In such instances, Metropolitan is generally entitled to receive a carried interest or incentive allocation of 15%-20% of profits on distributions derived from the disposition of investments or securities, subject to a hurdle rate, typically 8%-15%, cumulatively on an annual basis on each investor member's contributed capital. Performance arrangements may create an incentive for Metropolitan to make riskier or more speculative investments than would be made under a different fee arrangement.

ITEM 7: TYPES OF CLIENTS

Metropolitan's investment advisory clients are private funds and separately managed accounts, which are intended for high net worth individuals, family offices, foundations, endowments, public and private pension funds and other sophisticated or institutional investors.

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

INVESTMENT PHILOSOPHY:

Metropolitan employs a fundamental approach to providing credit to lower middle market companies. The Firm focuses on bottom-up credit analysis to identify opportunities to finance the creation of asset value as companies grow.

Metropolitan leads a diligence process that draws from the team's experience across multiple investment disciplines as well as the Firm's track record comprising more than 80 investments in short-term collateralized growth debt investments. Metropolitan has concentrations and expertise in certain sectors and we use a systematic approach to underwriting opportunities, analyzing both bottom-up microeconomic factors that affect a company as well as macroeconomic influences. The Firm's approach to risk mitigation is developed alongside the management teams of prospective portfolio companies.

INVESTMENT ATTRIBUTES:

The Firm employs a range of deal structures that include event-based balloon bridge loans, amortizing term loans, and multi-draw, non-revolving, working capital credit facilities for specialty finance companies. In the case of event-based bridge loan investments, Metropolitan may negotiate prepayment terms based on designated events prior to maturity. Amortizing term loans may have event and/or financial success-based triggers that organically deleverage the loan through cash flow, as dictated by the original investment thesis.

Metropolitan strongly prefers to stay on the short end of the duration curve. The short duration of our loan structure has multiple benefits to Metropolitan's clients, as the rapid recycling of capital enhances flexibility and resiliency during times of market turbulence.

Metropolitan often secures collateral in the form of non-correlated hard assets, to protect the principal investment. Metropolitan may use internal and/or third-party experts to assess both the value and, more importantly, the strategy for liquidating the collateral. When possible, Metropolitan will pre-negotiate with a counterparty to be 'on standby' during the term of the loan to ensure an efficient process for collateral liquidation.

Metropolitan Clients' investments in financial assets are often similar to a traditional non-revolving working capital bank line supported by the cash flow and/or the monetization of current assets such as inventory, accounts receivable or bankable contracts (including underlying specialty finance loans). These loans benefit from near-term cash flow providing current pay cash yield and amortization of principal through self-amortizing assets.

Metropolitan will often negotiate equity participations to enhance the return of these investments. An equity participation may take the form of a residual equity interest in the company (e.g., direct equity stake, warrants, options, etc.) or another form of





interest in the underlying business such as a revenue share. Residual equity often requires a longer realization period than the loans and a longer, yet more passive, period of monitoring for monetization.

All of Metropolitan Clients' investments are subject to some dimension of risk: deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality," "credit squeezes," etc. Metropolitan's style of alternative investing may be more speculative than traditional investing strategies. The particular or general types of market conditions in which the Clients incur losses or experience unexpected performance volatility cannot be predicted, and the Clients may materially under-perform other investment funds with substantially similar investment objectives and approaches. In addition, while Metropolitan attempts to assess all of the foregoing risk factors, and others, in determining the nature and extent of the investments it makes on behalf of the Clients, many risks, such as governmental action, the outcome of pending or threatened third party litigation or third-party fraud cannot be explicitly quantified.

Metropolitan does not engage in the frequent trading of securities.

This strategy may be deemed to be highly speculative and is not intended as a complete investment program. It is designed only for sophisticated persons who can bear the risk of loss of their entire investment and who have a limited need for liquidity. Metropolitan can give no assurance that its investment strategy will achieve its investment objective.

RISK FACTORS

The following summary identifies the material risks related to Metropolitan's investment strategy and should be carefully evaluated before making an investment with Metropolitan. The following does not intend to identify all possible risks of an investment with Metropolitan or provide a full description of the identified risks. Investors and prospective investors should review the terms of the Governing Documents applicable to the Clients in which they invest or in which they are considering for investment for additional risk factors which may be unique to an individual Fund or Managed Account.

Concentration of Investments. The Clients will not be subject to any significant limitations on the amount of capital which may be committed to any one investment. Accordingly, the Clients may from time to time hold few or even a single position, with the result that a loss in any such position could have a material adverse impact on the Clients' capital.

No Operating History. The Funds are generally newly formed entities with no history of operating performance. The past performance of the investments managed by Metropolitan is not indicative of the future success of any Fund.

Illiquid and Long-Term Investment. Investment in the Funds or Managed Accounts requires long-term commitments, with no certainty of return. Investors must be prepared to bear the risks of owning interests in the Funds ("Interests") for an extended period of time. There most likely will be little or no near-term cash flow available to investors.

No Market for Interests; Restrictions on Transferability; No Withdrawal Rights. Interests in the Funds have not been registered under the Securities Act or the securities laws of any state or other jurisdiction and cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of the Interests under the Securities Act or other securities laws will ever be affected. There is no public market for the Interests and none is expected to develop. An investor will also generally not be permitted to assign its Interests without the prior consent of Metropolitan, which may be withheld in its sole discretion.

Indemnification. Metropolitan, and the members, managers, directors, officers, employees, agents and affiliates of it, will be entitled to indemnification from the Clients, except in certain circumstances. The assets of the Clients will be available to satisfy these indemnification obligations, and investors may be required to return distributions to satisfy such obligations. Such obligations will survive the dissolution of the Clients.

Phantom Income. An investor's tax liability related to its investment in a Fund could exceed the amount distributed to the investor in a particular year. There can be no assurance that the Funds will have sufficient cash flow to permit them to make annual distributions in the amount necessary to pay all tax liabilities resulting from the investor's ownership of Interests.





Repayment of Cash Distributions. Under Delaware limited liability company and limited partnership law, an investor who receives a distribution from a limited liability company or limited partnership at a time when, after giving effect to the distribution, the liabilities of such limited liability company or limited partnership exceed the fair value of the assets of a limited liability company or limited partnership, and who knows of this situation at the time of such distribution, is liable to such limited liability company or limited partnership for a period of three years thereafter for the amount of such distribution. For purposes of this calculation, liabilities for which the recourse of creditors is limited to specified property of such limited liability company or limited partnership are not included and an asset subject to liabilities for which the recourse of creditors is limited to such asset are only included to the extent the fair market value of such asset exceeds such asset's associated liabilities. The Funds are Delaware limited liability companies or limited partnerships and, therefore, the investors will be subject to the above-described provisions with respect to distributions from the Funds.

Potential Conflicts of Interest. The services of Metropolitan are not exclusive to the Funds or Managed Accounts. Metropolitan may serve in a similar capacity for other private investment funds for which it may be compensated. The Funds' operating agreements do not restrict Metropolitan or its affiliates from entering into other relationships or engaging in other business activities, even though those activities may have similar objectives and policies to those of the Funds and may involve substantial amounts of the time and resources of Metropolitan and its affiliates.

Fees. Metropolitan and/or its employees may receive certain fees from portfolio companies and/or in connection with un consummated transactions (e.g., break-up, commitment, monitoring, financial advisory, consulting, directors' fees, and compensation as temporary employees). Metropolitan's entitlement to such fees may create actual or potential conflicts of interest. While Metropolitan intends that any such services will be provided at market rates, compensation to the Manager or its relevant affiliate will not in fact be determined through true arms' length negotiations and will not be shared with clients or offset fees payable by any client to the Manager in any respect.

Metropolitan's Profit Participation. The existence of Metropolitan's carried interest may create an incentive for Metropolitan to make riskier or more speculative decisions on behalf of the Fund than would be the case in the absence of this arrangement.

Disproportionate Risk of Loss. Metropolitan will be entitled to receive various fees whether or not the Clients' investments are profitable.

No Separate Representation. Dentons LLP ("Dentons") represents Metropolitan and the Funds in connection with the organization of the Funds. It is not anticipated that in connection with their organizations or operations, the Funds will engage counsel separate from counsel to Metropolitan and its respective affiliates. Dentons will not furnish investors any legal opinions except to those specifically referred to herein and/or in the Subscription Agreements and has not passed upon the adequacy of this Brochure or the fairness of the disclosure herein. Prospective investors must consult with their own counsel with regard to those matters.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Metropolitan or the integrity of Metropolitan's management. Metropolitan has no disciplinary events to report.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Except as set forth below, Metropolitan and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Affiliates of Metropolitan serve as general partners and managing members to the Funds (collectively "Managing Entities"), and as such they may receive incentive allocations from the Funds. In some cases other Metropolitan affiliated special purpose vehicles have been formed for the purpose of receiving all or part of the incentive allocation paid by certain Funds.





As noted above in Item 4, Metropolitan Merchant Capital Advisers, LLC was formed in April 2016 to act as investment adviser to certain private investment funds. Metropolitan Merchant Capital Advisers, LLC is under common control and shares the same office as Metropolitan. Metropolitan Merchant Capital Advisers, LLC operates under Metropolitan's regulatory umbrella as a Relying Adviser, as noted in Metropolitan's Form ADV Part 1.

Further, Metropolitan Merchant Capital, Inc. ("MMC"), is an affiliate of Metropolitan which has been formed to provide working, funding, and participation capital to the merchant cash advance industry. MMC is a separately operated business with its principal offices in the state of Colorado. MMC operates under a "de minimis" exemption from investment adviser registration pursuant to Colorado law.

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

From time to time, Metropolitan may receive an equity interest in a company as part of the compensation associated with general business consulting services provided to such company. Subsequently, a new special purpose vehicle may be formed for the sole purpose of investing in the aforementioned company and become an advisory client. In addition, from time to time, Clients may hold investments in other Clients. In these ways, Metropolitan may buy or sell for itself securities that it also recommends to clients.

Metropolitan has a Code of Ethics that aims to put the interests of its clients before its own and directs all associated parties to act honestly and fairly with all clients, in addition to complying with all federal securities laws and applicable state laws. Personal security interests by Metropolitan's officers, employees, members and other supervised persons (collectively, "Supervised Persons") are subject to strict supervision and Metropolitan's Code of Ethics.

The Code of Ethics also requires Supervised Persons to pre-clear certain personal securities transactions, report certain personal securities transactions on at least a quarterly basis and provide Metropolitan with a summary of certain holdings annually.

Metropolitan will deal with all conflicts of interest using its best judgment, but in its sole discretion. In doing so, Metropolitan will consider various factors, including the interests of each Client with respect to the immediate issue and/or with respect to the longer-term course of dealing among such Clients. Where potential conflicts arise from Metropolitan's fiduciary activities, the Firm will take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that the Firm cannot avoid (or chose not to avoid) are mitigated through written policies that the Firm believes protects the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment, discussed below – regulators have generally prescribed detailed rules or principle for investment firms to follow.

By complying with these rules, using robust compliance practices, Metropolitan believe that it handles these conflicts appropriately.

The material conflicts of interest include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Client potentially faces. Other conflicts are disclosed throughout this Brochure and the Governing Documents, which should be read in their entirety:

The General Partner and/or a Managing Member has made a general partner or similar investment in several Funds. Metropolitan, its investment professionals and principals and related persons, may invest in each Fund. Metropolitan does not believe that these investments cause a conflict of interest between the Firm and a Fund but rather function to better align the interests of the investors with the Firm's own interests since related party capital is being invested alongside the investors' capital.

The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Governing Documents. Any such investments are made in conformity with the Code of Ethics which has procedures regarding the use of confidential information and personal investing.

Metropolitan has strict guidelines relating to the Firm forming, sponsoring, owning and/or managing additional investment vehicles or accounts that have overlapping investment objectives or investment criteria.





Neither the Firm nor any of its related persons is obligated to allocate any specific amount of time to any Client. The Firm and its related persons intend to devote as much time as they deem necessary for the conduct of each Client's operation and portfolio management and will allocate investment opportunities in accordance with its investment allocation policy described below.

In general, the Firm's Investment Committee determines whether an investment opportunity is permissible for a particular Client pursuant to the Governing Documents of such Client account as well as applicable laws, rules and regulations and will allocate investment opportunities accordingly. Upon determining that an investment opportunity is permissible for a particular Client account, allocations shall generally be made among Clients in accordance with Metropolitan's standard allocation rule. Metropolitan's standard allocation rule is that investment opportunities will be allocated pro-rata among Clients with the same investment strategy and which are still in their investment period.

Notwithstanding the foregoing, an investment opportunity may, due to specific circumstances, be allocated in a manner other than in strict accordance with the Firm's standard allocation rule based on a variety of considerations, including, but not limited to, the following:

- Investment restrictions in governing documents or financing agreements;
- Liquidity (e.g., allocation size may vary depending on a client account's cash availability);
- Current portfolio composition and risk management;
- Any other information determined to be relevant to the fair allocation of securities or other instruments;

In addition to entering into certain arrangements with certain investors, a Client has and may in the future enter into agreements ("Side Letters") with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more favorable than those set forth in a Client's Governing Documents. For example, such terms and conditions may provide for, among other things: (i) special rights to make future investments in a Client, other investment vehicles or managed accounts; (ii) a reduction or rebate in fees or charges to be paid; (iii) rights for the investors to access deal flow that does not fit the strategy or objectives of certain Clients; (iv) access to co-invest in certain investments; (v) special information or reporting rights; and (vi) the ability to opt out of certain types of investments.

Metropolitan has no obligation to offer any such additional rights, terms or conditions to any other investor, except to the extent required by the Governing Documents of the applicable Client or otherwise agreed to by the Firm or the general partner. Once invested in a Client, investors generally cannot impose additional investment guidelines or restrictions on the Client.

Metropolitan's Code of Ethics has policies and procedures to address the following additional conflicts of interest. While the Metropolitan does not believe that there are any conflicts that pose material risks to Client interests, the Firm notes some additional potential conflicts that are inherent in its structure and activities. The Firm also has included brief descriptions of the procedures it uses to mitigate their effects.

Metropolitan has established policies and procedures reasonably designed to prevent the misuse by the Firm and its Supervised Persons of material information regarding issuers of securities that has not been publicly disseminated ("material non-public information"). In general, under the procedures, when the Firm is in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Firm nor any Supervised Person is permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Firm has is no longer deemed to be material non-public information.

Metropolitan's Code of Ethics sets forth procedures regarding gifts and business entertainment to address the potential conflicts of interest surrounding these practices. A further explanation of the Firm's gift and business entertainment policy can be found in the Code of Ethics.

Due to the potential for conflicts of interest, Metropolitan has established procedures relating to political contributions which are designed to comply with applicable federal and state law. All Supervised Persons are required to seek preapproval before making any political contribution.





Metropolitan determines the value of securities held in Client accounts, including illiquid securities, whether or not a public market exists for securities of the same class or type. The Firm values illiquid securities in good faith and in accordance with Generally Accepted Accounting Principles. The Firm's judgment as to the value of investments in each Client are subject to review and audit by the Client's auditors.

Upon request, a current copy of the Code of Ethics is available to all clients and prospective clients. To receive a copy, contact Adrian Blumfield at (212) 561-1258 or ablumfield@metpg.com.

ITEM 12: BROKERAGE PRACTICES

Metropolitan generally does not engage broker-dealers in its transactions.

ITEM 13: REVIEW OF ACCOUNTS

Metropolitan has an established investment committee that continuously reviews the investments made by its clients and meets to discuss the performance of these investments on a monthly basis. The members of the investment committee include members of the Firm's senior management team, who may, from time to time, invite other principals, employees or others to participate in the meetings.

On a quarterly basis, a letter is sent to all of the investors in Metropolitan's advisory clients. These letters describe the recent performance of the investments made by each advisory client and other business and economic conditions that may affect the on-going performance of these investments.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, Metropolitan will compensate a third-party for introducing an individual or entity that becomes a Fund investor. This compensation takes the form of a portion of the management fee received by Metropolitan or its affiliates. No immediate cash compensation is made.

ITEM 15: CUSTODY

Rule 206(4)-2 promulgated under the Investment Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Investment Advisers Act) generally imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors in certain circumstances) and surprise examinations relating to such clients' funds or securities. However, Metropolitan need not comply with such requirements with respect to pooled investment vehicles if the pooled investment vehicle: (i) is audited at least annually by an independent public accountant, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to the client, or, in certain circumstances, all limited partners, members or other beneficial owners. To the extent that clients or certain investors receive quarterly, or more frequent, account statements directly from a broker-dealer, bank or other qualified custodian, recipients should carefully review such statements.

In order to comply with the Custody Rule, the Clients are audited annually and Metropolitan delivers to investors in each Client a copy of the annual audited financial statements within 120 days of the fiscal year end.

ITEM 16: INVESTMENT DISCRETION

Regarding the Funds and certain Managed Accounts, Metropolitan obtains full investment discretion that is defined in the Governing Documents of each of the relevant Funds or Managed Accounts it manages. Metropolitan must exercise such discretion in compliance with the terms and disclosures set forth in the relevant Governing Documents and investment management agreements. All investors and potential investors, and their investment agents, advisors and consultants, are encouraged to read the Governing Documents in their entirety.





ITEM 17: VOTING CLIENT SECURITIES

Metropolitan or its affiliates may exercise the voting rights associated with the securities held by its clients. In making voting decisions, Metropolitan seeks to protect the value of its clients' assets to the best of its ability, based on the information available at the time of exercise. Metropolitan also may exercise conversion rights associated with debt instruments; and, may exercise rights associated with warrants and/or options granted as part of an investment. To receive a copy of Metropolitan's current proxy voting policy, contact Adrian Blumfield at (212) 561-1258 or ablumfield@metpg.com.

ITEM 18: FINANCIAL INFORMATION

Metropolitan is not required to include a balance sheet because it does not require or solicit the payment of fees six months or more in advance. Metropolitan also has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients nor has it been the subject of a bankruptcy proceeding.

