

Yost Capital Management, L.L.C.

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Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of Yost Capital Management, L.L.C. Information provided herein is provided in response to instructions and guidance issued in connection with Form ADV Part 2A. You should refer to those materials, including defined terms used therein, in reviewing this brochure. If you have any questions about the contents of this brochure, please contact Kyle Knutson at 817-350-6333 or kyle@yostfunds.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 Yost Capital Management, L.L.C. is also available on the SEC's website at www.adviserinfo.sec.gov. An investment adviser's registration with the SEC does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

Item 4. Assets under management were updated to \$56,180,407 as of January 1, 2012 from \$57,580,134 as of March 1, 2011.

Item 11. References to Majid Khan were removed as Mr. Khan is no longer with Yost Capital Management, L.L.C.

Item 13. Updated to reflect that the portfolio is reviewed by the Portfolio Manager and Senior Analyst. This previously said the portfolio was reviewed by the Portfolio Manager, Senior Analyst and Analyst.

Item 17. Updated to reflect that in the event of a conflict of interest, the Chief Compliance Officer and the Portfolio Manager will determine how the proxy should be voted. This previously said that in the event of a conflict of interest, the Chief Compliance Officer would advise how the proxy should be voted.

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ITEM 4. ADVISORY BUSINESS

Description of the Adviser

Yost Capital Management, L.L.C. (“YCM”) is an investment adviser organized as a Texas limited liability company on February 4, 2010. Carson Yost is the sole member of YCM.

Description of Advisory Services

YCM provides investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”) (each, a “Fund” and collectively, the “Funds”). As the investment adviser of the Funds, YCM’s services consist of identifying opportunities for acquisition, management, monitoring, and disposition of investments of the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not individually to the limited partners or shareholders of the Funds.

The Funds currently advised by YCM are: (i) Yost Partners, L.P. (the “Master Fund”) and (ii) Yost Offshore Fund, Ltd. (the “Offshore Fund”). YCM may in the future organize other investment funds, including other feeder funds for the Master Fund or manage investment funds or separately managed accounts that may either co-invest with the Funds or follow an investment program similar to or different from the Funds’ program. The Offshore Fund currently invests all, or substantially all, of its assets in the Master Fund. Tomcat Management, L.P. (the “General Partner”) is the general partner of the Master Fund.

The Funds advised by YCM currently focus on running a concentrated portfolio of high-conviction ideas. YCM’s investment strategy is neither value nor growth driven. YCM seeks to find ideas where it believes a company’s prospects are better or worse than the market expects and it deploys capital when it has a strong opinion as to when this “Expectations Gap” will close. There is strong emphasis on capital preservation and delivering out-sized, after-tax returns by making concentrated investments in companies that YCM believes will either significantly over or under perform the market. Please refer to a Fund’s offering memorandum for a complete description of investment objectives and strategy.

Services are provided to the Funds in accordance with the investment management agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

YCM does not participate in wrap fee programs.

Assets Under Management

As of January 1, 2012, YCM managed \$56,180,407 on a discretionary basis and \$0 on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

As provided under the governing documents of the Funds, YCM or its affiliates will receive from the Funds both a monthly management fee (the “Management Fee”) at a fixed rate and an annual performance allocation based upon the performance of the Funds, as described further below. Although YCM has entered into agreements with the Funds providing for the below fees, YCM and the General Partner may negotiate alternative fees on a client-by-client basis with other funds or separate account clients that they manage in the future. Different client facts and circumstances will be considered in determining such fees, including the client’s investment strategy, assets under management, account

composition, reporting requirements, economies of scale, if any, and any other factors YCM or the General Partner deem relevant. All such fees will be set forth in agreements with such clients.

Management Fee

YCM charges the Master Fund an annual management fee of 1.5% of the capital account balance of each limited partner of the Master Fund and of each Tracking Account (as defined below), calculated and payable monthly in advance. For accounting purposes only, the Master Fund may maintain notional capital accounts with respect to each class and/or series of shares of the Offshore Fund (each, a “Tracking Account”). The General Partner may combine Tracking Accounts maintained with respect to the shareholders of the Offshore Fund. Subscription proceeds received after the first day of a month will incur management fees as if the subscription had been received on the first day of the month. Generally, fees are not negotiable, provided, however, YCM may reduce or eliminate the Management Fee with respect to any limited partner of the Master Fund in its sole discretion. The board of directors of the Offshore Fund, in consultation with YCM, may reduce or eliminate the Management Fee with respect to any shareholder in its sole discretion.

For purposes of calculating the Management Fee, capital account balances include an investor’s share of net realized and unrealized profits and losses, interest, dividends and other gains or losses. There is currently no provision for refunding management fees in the event the investment management agreement between YCM and a Fund is terminated before the end of a month after Management Fees have been paid.

Performance Allocation

The Master Fund has established two classes of interests (the “Class A Interests” and “Class B Interests”). The Class A Interests are issued to the Offshore Fund with respect to certain investors in the Offshore Fund that subscribe for shares in the Offshore Fund as of July 1, 2010 (or to such other investors in the Offshore Fund as may be determined by YCM) and to such other limited partners of the Master Fund as determined by the General Partner.

A performance allocation equal to (i) with respect to Class A interests, 15% of each limited partner’s or Tracking Account’s allocable share of net profits of the Master Fund for each fiscal year or (ii) with respect to Class B Interests, 20% of each limited partner’s or Tracking Account’s allocable share of net profits of the Master Fund for each fiscal year, is debited against the capital account of each limited partner or each Tracking Account, as applicable, and simultaneously credited to the capital account of the General Partner at the end of each fiscal year. In the case of a complete or partial withdrawal prior to the end of a fiscal year, the performance allocation is calculated and charged as of the date of the withdrawal on the basis of net profits allocated to such limited partner through the withdrawal date (but only with respect to the amount withdrawn on a pro rata basis in the event of a partial withdrawal).

This allocation is subject to a modified “high water mark”, such that the allocation will be charged by the General Partner at the rate of 10% if the high water mark is not achieved. The 10% allocation will be charged until 250% of those losses are recovered.

The performance allocation with respect to any limited partner in the Master Fund may be waived or altered by the General Partner in its sole discretion. The performance allocation with respect to any shareholder of the Offshore Fund may be waived or altered by the board of directors of the Offshore Fund with the consent of the General Partner.

Other Expenses

In addition to the Management Fee and performance allocation, each Fund bears the expenses of its organization and the offering of its interests (including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses and out-of-pocket expenses). The Funds bear all costs and expenses directly related to their investment programs, including, but not limited to, expenses related to proxies,

underwriting and private placements, brokerage commissions, interest on debit balances or borrowings, rebates or charges for the borrowing of securities, custody fees, real-time exchange data and any withholding or transfer taxes imposed on the Funds. The Funds also bear all out-of-pocket costs of the administration of the Funds, including accounting, audit and legal expenses, costs of any litigation or investigation involving the Funds' activities, and costs associated with reporting and providing information to existing and prospective investors. The Funds also bear their *pro rata* share of costs for research or data providers including but not limited to Bloomberg, Reuters, TheMarkets.com and Street Events.

The Funds do not have their own separate employees or offices, and they do not reimburse the General Partner and YCM for salaries, office rent and other general overhead costs of the General Partner and YCM (collectively, "Overhead Costs"). A portion of the commissions generated by the Funds' brokerage transactions may generate "soft dollar" credits that the General Partner and YCM are authorized to use to pay for research and other research related services and products used by the General Partner and YCM. The General Partner and YCM do not currently intend to have a broker pay a third party with "soft dollars" for services acquired by the broker for the benefit of the General Partner of YCM.

Notwithstanding the foregoing, any direct expenses, referred to above, of the Offshore Fund will be borne by the participating shares to which such expenses correspond. The Offshore Fund will bear its *pro rata* portion of the Master Fund's costs and expenses.

Please see the sections titled Fees and Expenses and Brokerage and Custody in each Fund's Offering Memorandum for more detailed information. Please refer to the discussion of YCM's brokerage practices in Item 12 below.

YCM and its supervised persons do not accept compensation or commissions for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As disclosed above under Item 5, FEES AND COMPENSATION, the General Partner receives a performance allocation, which is based on the performance of the Funds. YCM does not manage any accounts that are charged hourly or flat fees.

ITEM 7. TYPES OF CLIENTS

YCM currently provides investment advisory services to the Funds. Investment advice is provided directly to the Funds, subject to the discretion and control of the General Partner or the board of directors of the applicable Fund and not individually to the investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the 1940 Act and the Securities Act. Investors in the Funds may include high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

The minimum initial investment in each Fund is \$1,000,000. The Master Fund may accept investments in lesser amounts at the discretion of the General Partner. The Offshore Fund may accept investments in a lesser amount in the sole discretion of the board of directors subject to any requirements of the Cayman Islands Mutual Funds Law (as amended). YCM does not have a minimum size for a Fund.

YCM may in the future provide advisory services to other funds and separately managed accounts for high net worth individuals, trusts, estates, charitable organizations, pension plans, corporations, limited partnerships, limited liability companies, and similar entities.

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

As stated previously, the Offshore Fund invests all, or substantially all, of its assets in the Master Fund and primarily achieves its investment objectives through its investment in the Master Fund. For purposes of Item 8, references to the Master Fund shall refer to the Master Fund and the Offshore Fund.

Methods of Analysis and Investment Strategies

Investing in securities involves risk of loss that clients and investors in the Funds should be prepared to bear.

Investment Objective

The Master Fund's investment objective is to achieve after-tax compound annual returns that are superior to the broad global equity market averages with less risk and lower correlations to the market and long-short hedge fund indices.

Investment Strategy

YCM intends to seek the Master Fund's investment objective by utilizing a range of investment strategies, including investing in publicly-traded equity securities, both long and short, as well as a broad array of other securities in public markets. Under normal circumstances, YCM intends that, at any given time, the Master Fund will have net exposure generally ranging between 0% and 50% and gross exposure generally ranging between 100% and 250%. In general, YCM intends that the Master Fund will hold approximately 10 to 20 core long positions and approximately 15 to 30 short positions. In general, YCM does not expect individual long positions to exceed 15% of equity capital at cost or individual short positions to exceed 5% of equity capital at cost and 7% of equity capital at market values. Top ten idea concentration is generally expected to be 80% of the Master Fund's long portfolio. Depending on YCM's opinion of market conditions and the economy in general, the Master Fund's portfolio may at times have a net short exposure or may have more or less net or gross exposure than mentioned above. There may be times when YCM determines that it is in the best interest of the Master Fund to have a significant portion, or all, of the Master Fund's assets in cash.

YCM generally expects portfolio turnover to be approximately 60% to 75% in the Master Fund's long portfolio and 80% in the Master Fund's short portfolio. YCM will attempt to identify stocks with at least 100% appreciation potential to serve as core long positions; therefore, assuming a 30% annual expected return target for such long positions, YCM expects that average holding periods for core long positions will likely be over two years. YCM will attempt to identify short positions with a 50% total return potential to serve as core short positions. YCM generally expects to hold such core shorts for an average of one year. There can be no assurance that the positions initiated by YCM will achieve their expected annual return targets or expected appreciation potential. Targets set forth herein for expected annual returns or appreciation potential on individual positions should not be interpreted as a target or reasonable expectation for aggregate Master Fund returns.

YCM will generally not attempt to time the market. A guiding principle of YCM is that it does not invest where it does not feel it has an analytical advantage. Therefore, YCM will only use broad sentiment extremes ("Be fearful when the market is greedy and greedy when the market is fearful") to guide the net exposure of the Master Fund. Otherwise, net exposure will be dictated by the level of conviction YCM has in the portfolio's holdings. Over a market cycle, YCM expects that net exposure will likely average between 30% to 50%. Gross exposure (leverage) will be dictated by the portfolio's net exposure and YCM's conviction in the portfolio. For example, at 50% net exposure, gross exposure will tend to be around 150% until net exposure or market conditions change. YCM generally does not expect the portfolio to be over 100% net long.

YCM expects to invest globally, however it will require a higher expected return threshold on non-U.S. securities to compensate the Master Fund's portfolio for information barriers and non-U.S. market nuances. It is expected that YCM will invest in a limited number of credit and macro opportunities where it has insight and where it cannot implement the same view through an investment in equity securities. In general, no more than 20% of the Master Fund's exposure will be in credit securities and the same liquidity parameters as for equity investments specified below will generally apply to credit securities and credit derivative securities.

YCM intends to focus the Master Fund's investments in small and mid-capitalization stocks within the Master Fund's long and short portfolios. Liquidity and a clear path to getting paid are dominant factors in YCM's stock selection, however, awareness of the market capitalization characteristics of the long and short portfolios are critical in ensuring the portfolio as a whole is not swayed by unintended market forces.

With respect to the size of an investment, YCM intends to employ the "Kelly Criterion"—the mathematical construct by which YCM makes large investments when its thesis is contrarian and its research strongly supports its hypothesis and smaller investments when its thesis is less contrarian but fundamentally shows a discrepancy between market perception and reality. YCM believes that this investment sizing method maximizes upside when its analysis is correct and minimizes losses when it is wrong.

YCM intends to maintain a liquid strategy whereby 80% of the portfolio can be liquidated within two weeks and 100% of the portfolio can be liquidated within three weeks, assuming 25% average daily trading volume. In other words, YCM expects position sizes to generally be less than four days of average trading volume.

YCM will strive to manage risk by taking positions where YCM believes it has a reasonable information advantage relative to the market or specific insight. YCM will also attempt to mitigate systemic risk by running a hedged portfolio where alpha is generated on both sides of the portfolio. Additionally, YCM will invest primarily in companies that it believes have the ability to internally compound high returns for extended periods of time. While YCM does not consider volatility to be synonymous with risk, it intends to construct a portfolio which it believes will exhibit lower volatility than the overall market. YCM believes that its investment style is helpful in preventing "beta mismatches" (long low P/E stocks and short high P/E stocks) from occurring. By sourcing ideas eclectically, away from Wall Street, YCM intends to seek to mitigate non-fundamental forces such as fund liquidations from affecting the Master Fund's portfolio. YCM expects to carefully monitor the Master Fund's portfolio for one way exposures (industry, sector, country, etc.) that are not deliberately intended.

While YCM expects that its idea sourcing process will tend to lead to a portfolio with low correlations to the market, YCM recognizes that current market activity is extremely sensitive to macroeconomic factors. That being said, overall portfolio exposure is expected to be managed to reflect not only the underlying risk of specific ideas, but the overall market as well. If the market doesn't make sense to YCM, it won't hesitate to go to cash.

Stock Selection Strategy

YCM intends to employ an investment strategy using a "bottoms up" approach to selecting portfolio holdings. YCM will seek to find investment opportunities where it believes a company's prospects are better or worse than the market expects and intends to deploy capital only when it thinks this "expectation gap" will close. Because YCM believes valuation is relative and dynamic, it believes cheap stocks can stay cheap and expensive stocks can stay expensive for long periods of time.

In the short-run, YCM believes there is a significant difference between the fundamentals of companies and the stocks of companies. In the short-run, stocks are affected by the macro environment, technical factors, manipulation, investor psychology, short-term bias, promotional management teams, liquidations, fund flows and institutional investor mandates. In the long-run, stocks trade in lockstep with fundamentals. Accordingly, YCM will seek to find opportunities to take advantage of the “expectation gap.”

YCM intends to source investment ideas through abundant and esoteric reading, pattern recognition, general curiosity, its investor network, and primary research. YCM’s passion for the “game” and its desire to make concentrated high expected-value investments drives its idea generation, the thoroughness of its work, and ultimately, the Master Fund’s returns.

Long Positions

In selecting long positions for the Master Fund, YCM will generally seek:

- (i) industry supply-demand changes that will favorably affect pricing for a sustained period of time;
- (ii) companies with undervalued assets (sum of the parts);
- (iii) businesses in secular change due to habits, tastes or demographics;
- (iv) low cost providers (market share gainers over time);
- (v) cyclical businesses early in an up-cycle;
- (vi) special situations; and
- (vii) other opportunities as determined by YCM.

Regardless of business prospects, YCM generally does not intend to invest in a company where it does not trust and respect management.

YCM will seek to identify what the market is getting wrong, and how to close the gap between its insight and the market. Better than expected earnings, resolution of an issue that scares the market, investor conferences, and media coverage are examples of events that can close this “expectation gap.”

Additionally, YCM will aim to identify core long positions for the Master Fund’s portfolio which it expects to achieve an annual return of 30%. If YCM expects an investment to work over a two year time frame, YCM will seek to identify those long positions it expects to achieve a 60% return. If the time frame in which YCM expects a long position to appreciate is impossible to define, YCM will generally not participate.

From time to time, compelling short-term trades are expected to arise amidst companies YCM knows well due to hedge fund liquidations, short squeezes, earnings misses, and market overreaction to short-term events that don’t affect the long term value of companies. YCM treats these circumstances akin to picking up dropped change in a parking lot; they are infrequent and help performance, but YCM will not create a business around them or become distracted from its core mission.

Short Positions

YCM believes short investments are generally one of the following varieties:

- (i) cyclical companies hiding out as secular change stories;
- (ii) businesses in highly competitive industries;
- (iii) product fads;
- (iv) frauds;

- (v) “trash” carried up with the tide because of thematic investment trends, e.g. “green technology”;
- (vi) suppliers to weak original equipment manufacturers purporting to not being susceptible to industry malaise; and
- (viii) other opportunities as determined by YCM.

The nature of short-selling generally results in more rapid realization of gains and therefore higher taxable income for those investments. Furthermore, the proliferation of hedge funds over the last few years has made finding compelling shorts more difficult. Therefore, YCM will not employ shorts just to “hedge” against market loss; short candidates will have an equal, if not greater hurdle than that established for longs because of their asymmetric risk profile (limited upside, infinite downside). Should the Master Fund’s net exposure level rise above YCM’s level of comfort, YCM will seek to either reduce long exposure or buy market puts and/or volatility calls.

Hedge funds crowding around a limited number of quality short sale candidates requires YCM to maintain a keen awareness of market expectations concerning a short position. In general, YCM will seek to avoid being a late participant in a popular short thesis where the risks have been skewed by the probability of a “short-squeeze”.

YCM intends for its short theses to be structural in nature, not temporary. Accordingly, YCM will rarely short a stock simply because it may miss quarterly earnings expectations, unless YCM believes a quarterly earnings announcement unravels a more permanent bullish thesis.

The investment objectives and methods summarized above represent the General Partner’s and YCM’s current intentions. Depending on conditions and trends in the securities markets and the economy in general, the General Partner and YCM may pursue any objectives, employ any investment techniques or purchase or sell short any type of security that it considers appropriate and in the best interests of the Master Fund whether or not described in this section. The foregoing discussion includes and is based upon numerous assumptions and opinions of the General Partner and YCM concerning world financial markets and other matters, the accuracy of which cannot be assured. There can be no assurance that the Master Fund’s investment strategy will achieve profitable results.

Investment Risks

An investment in a Fund involves a high degree of investment risk, including the risk that the entire amount invested may be lost. A Fund will make investments using strategies and financial techniques with significant risk characteristics. No guarantee is made that the investment objectives of a Fund will be realized. Below is a list of potential risk factors that are reportable in this brochure. There is no guarantee that this is a complete list of the risks, that a Fund will be able to control investment risks or that the risks will not aggregate in a manner adverse to a Fund. Additional risks associated with an investment in a Fund may be disclosed in the offering documents of that Fund.

The risks associated with particular investments by a Fund include, but are not limited to, the following:

General Structure, Market, and Regulatory Risks

Investment Judgment; Market Risk. The profitability of a significant portion of the Master Fund’s investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that YCM will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Master Fund, there is always some, and occasionally a significant, degree of market risk.

Reliance on Key Person. The Master Fund will be substantially dependent on the services of Carson Yost. In the event of the death, disability, departure or insolvency of Mr. Yost or the complete transfer of

Mr. Yost's interest in the General Partner and/or YCM, the business of the Master Fund may be adversely affected. Mr. Yost will devote such time and effort as he deems necessary for the management and administration of the Master Fund's business. However, Mr. Yost may engage in various other business activities in addition to managing the Master Fund, and consequently he may not devote his complete time to Master Fund business.

Illiquidity. The investments made by the Master Fund may be very illiquid, and consequently the Master Fund may not be able to sell or cover short such investments at prices that reflect the General Partner's assessment of their value or the amount paid for such investments by the Master Fund.

Investment Authority. Substantially all decisions with respect to the management of the Master Fund are made exclusively by the General Partner. Investors have no right or power to take part in the management of the Master Fund. YCM also makes all of the trading and investment decisions of the Master Fund.

Performance Allocation. Investors should be aware that a 10% performance allocation may be due to the General Partner even if an investor's capital account is below its High Water Mark. The performance allocation made to the General Partner may create an incentive for the General Partner to make investments that are riskier or more speculative than would be the case in the absence of such performance allocation.

Withdrawal Restrictions. There are severe restrictions on withdrawals from the Master Fund and the Offshore Fund and on transfers of investor interests in the Master Fund and of shares in the Offshore Fund. The prior written consent of the General Partner or the board of directors is required for a transfer of the interest of any investor. Because of the restrictions on withdrawals and transfers, investments in the Master Fund and the Offshore Fund are relatively illiquid investments and involve a high degree of risk. Subscription for interests in the Master Fund or the Offshore Fund should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment.

Diversification. Since the Master Fund's portfolio will not necessarily be widely diversified, the investment portfolio of the Master Fund may be subject to more rapid changes in value than would be the case if the Master Fund were required to maintain a wide diversification among companies, securities and types of securities.

Valuations. From time to time, certain situations affecting the valuation of the Master Fund's investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Master Fund) could have an impact on the net asset value of the Master Fund, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed.

Soft Dollars. YCM may enter into "soft dollar" arrangements with one or more broker-dealers whereby YCM will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. The General Partner and YCM do not currently intend to have a broker pay a third party with "soft dollars" for services acquired by the broker for the benefit of the General Partner or YCM.

Available Investment Opportunities. While YCM believes there are currently available many attractive investments of the type in which the Master Fund may invest, there can be no assurance that such investments will continue to be available for the Master Fund's investment activities, or that available investments will meet the Master Fund's investment criteria.

Market Risk. The Master Fund's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by YCM. Such factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies. Securities

markets are volatile, which may adversely affect the ability of the Master Fund to realize profits. As a result of the nature of the Master Fund's investing activities, it is possible that the Master Fund's financial performance may fluctuate substantially from period to period.

Regulatory Oversight. While the Master Fund may be considered similar to an investment company, it is not required and does not intend to register as such under the 1940 Act, or the laws of any country or jurisdiction and, accordingly, the provisions of the 1940 Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody to be individually segregated at all times from the securities of any other person and to be clearly marked to identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) are not applicable. Because securities of the Master Fund held by brokers are generally not held in the Master Fund's name, a failure of any such broker is likely to have a greater adverse impact on the Master Fund than if such securities were registered in the Master Fund's name.

Market Conditions. Developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of market turmoil and the overall weakening of the financial services industry, the Master Fund, its prime broker(s) and other financial institutions' financial condition may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Master Fund's business and operations. Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Master Fund's ability to achieve its investment objective with respect to any particular investment and/or the Master Fund's entire portfolio, which could have a material adverse effect on the Master Fund's overall return objectives.

Regulation of Securities Markets. Regulation of securities markets has undergone substantial change in recent years, and is expected to continue to change. There can be no assurance that YCM and/or the General Partner will be able, for financial reasons or otherwise, to comply with future laws and regulations. Moreover, future laws and regulations may negatively impact the business of the Master Fund.

Relevant Laws. Amendments to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation. In addition, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies during recent years have led to increased governmental as well as self-regulatory scrutiny of the "hedge fund" industry in general, and certain legislation proposing greater regulation of the industry periodically is considered by the U.S. Congress and the Securities and Exchange Commission, as well as the governing bodies of non-U.S. jurisdiction. It is impossible to predict what, if any, changes in the regulations applicable to the Master Fund, YCM and/or the General Partner, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future.

Indemnification. The Master Fund and the Offshore Fund will generally be required to indemnify the General Partner, YCM, their respective affiliates and the respective members, partners, shareholders, officers, directors, employees, managers and agents thereof for liabilities incurred in connection with the affairs of the Master Fund. Such liabilities may be material and have an adverse affect on the returns to the Investors. The indemnification obligation of the Master Fund and the Offshore Fund would be payable from the assets of the Master Fund and/or the Offshore Fund.

Counterparty Risk: Generally. The Master Fund intends to engage in transactions in securities and financial instruments that involve counterparties. Under certain conditions, a counterparty to a transaction could default or the market for certain securities and/or financial instruments may become illiquid.

Counterparty Risk: Service Providers. There is a possibility that the institutions, including brokerage firms, banks, the administrator, accountants or tax advisors with which the Master Fund does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities or the capital position of the Master Fund.

Suspension of Trading. For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Master Fund to loss. Also, such a suspension could render it impossible for YCM to liquidate positions and thereby expose the Master Fund to potential losses.

Tax Considerations. The Master Fund may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the “Service”), or other applicable taxing authority, there could be a materially adverse effect on the Master Fund, and an investor might be found to have a different tax liability for that year than that reported on its federal income tax return.

Tax on Profits Whether or Not Distributed or Received. If the Master Fund has taxable income in a fiscal year, each investor will be taxed on this income in accordance with its distributive share of the Master Fund’s profits, whether or not such profits have been distributed. It is therefore possible that investors could incur income tax liabilities without receiving sufficient distributions from the Master Fund to defray such tax liabilities.

Tax Efficiency. The Master Fund will attempt to minimize the tax burden of the Master Fund over the long-term. However, the Master Fund will not overlook short-term trading opportunities. Therefore, investors should not expect that the Master Fund will make tax efficiency a priority.

Tax Changes. Significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Master Fund and/or the investors.

Complexity of Taxation. The tax aspects of an investment in the Master Fund and the Offshore Fund are complicated and each investor should have them reviewed by professional advisers familiar with such investor’s personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Certain of the above tax risk factors may apply to either the Master Fund or the Offshore Fund or to both Funds. Investors and prospective investors should review the offering documents of the Funds for a more comprehensive disclosure of tax risk factors.

Investment Program Risks

Short Sales. The Master Fund may enter into transactions, known as “short sales,” in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by the Master Fund that are not made “against the box” theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase.

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when

the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Master Fund to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk lies with each party with whom the Master Fund contracts for the purpose of making derivative investments (the “Counterparty”). In the event of the Counterparty’s default, the Master Fund will only rank as an unsecured creditor and risks the loss of all or a portion of the amounts it is contractually entitled to receive, including any initial collateral pledged to the counterparty.

Futures and Related Options. YCM may buy and sell futures contracts and related options on behalf of the Master Fund. The use of futures and options involves certain special risks. Futures and options transactions involve costs and may result in losses.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Master Fund are maintained) and the various foreign currencies in which the Master Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, the Master Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Master Fund’s portfolio would be amplified. Interest on borrowings will be a portfolio expense of the Master Fund and will affect the operating results of the Master Fund. Also, the Master Fund could potentially create leverage via the use of instruments such as options and other derivative instruments.

Options. Investing in options can provide a greater potential for profit or loss than an equivalent investment in the underlying asset. In the case of the purchase of an option, the risk of loss of an investor’s entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

Mergers and Other Similar Transactions. The Master Fund may purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities, in a proposed merger, exchange offer, tender offer, spin-off or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer, spin-off or other similar transaction and may be in excess of the value of the announced transaction. If the proposed merger, exchange offer, tender offer, spin-off or other similar transaction later appears less likely or unlikely to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Master Fund may decline sharply and result in losses to the Master Fund if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price.

Takeovers. The Master Fund may also purchase securities above the offer price for a security which is the subject of a takeover bid, if YCM determines that the offer price is likely to be increased, either by the original bidder or by another party. However, if market conditions change, or if no transaction is consummated, substantial losses may result.

Tender Offers. The consummation of mergers, exchange offers, tender offers, spin-offs and other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a tender offer by one company for the securities of another may be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for other reasons, and this opposition may result in regulatory action and/or litigation which delays or prevents consummation of the transaction.

Distressed Securities: Generally. The fact that certain of the companies in whose securities the Master Fund may invest are in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation, means that their securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investment in any instrument, and a significant portion of the obligations and preferred stock in which the Master Funds invests may be less than investment grade.

Distressed Securities: Credit and Market Risk. Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. Although the Master Fund will invest in select companies that, in the view of YCM, have the potential over the long-term for capital growth, there can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies.

Distressed Securities: Volatility. Securities of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties. The market prices of such securities are subject to erratic and abrupt market movements and the spread between bid and asked prices may be greater than normally expected.

Reorganization. Investments in the debt or equity of companies involved in reorganization proceedings typically entail a number of risks that do not normally apply to investments in financially sound companies.

Restructuring: Litigation Risks. As a result of the Master Fund's investments and the possibility that YCM may participate in restructuring activities, it is possible that the Master Fund may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against the Master Fund including the General Partner and YCM and ultimately judgments may be rendered against the Master Fund for which the Master Fund does not carry insurance.

Fraud in the Marketplace. Instances of fraud and other deceptive practices committed by senior management of certain companies in which the Master Fund invests may undermine YCM's due diligence efforts with respect to such companies, and if such fraud is discovered, negatively affect the valuation of the Master Fund's investments.

Other Possible Risks

There is no assurance that the above list is complete or that there are not other risks that may exist now or may arise in the future.

ITEM 9. DISCIPLINARY INFORMATION

Item 9 is not applicable to YCM, as it has no reportable material legal or disciplinary events.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Related Broker-Dealers

Neither YCM nor any of our management persons is registered or have an application pending to register as a broker-dealer or a registered representative.

Related Futures Commission Merchant/Commodity Pool Operator/Commodity Trading Advisor

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

Related General Partner

The General Partner, an affiliate of YCM serves as general partner of the Master Fund. YCM doesn't believe this relationship currently presents any conflicts of interest with clients as all investments in securities currently take place at the Master Fund. The Offshore Fund invests all, or substantially all, of its assets in the Master Fund.

Affiliated Adviser

YCM does not currently have any affiliated advisers.

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

Code of Ethics

YCM has adopted a Code of Ethics which describes the general standards of conduct that YCM expects of all owners and personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect a client: misuse of confidential information; personal securities trading; and outside business activities. Any investor or prospective investor may request a copy of YCM's code of ethics which will be provided at no cost.

The following basic principles guide all aspects of YCM's business and represent the minimum requirements to which YCM expects employees to adhere:

1. The Funds' interests come before employees' personal interests;
2. YCM must fully disclose all material facts about conflicts of which it is aware between YCM and its employees' interests on the one hand and the Funds' interests on the other;
3. Employees must operate on YCM's behalf and their own behalf consistently with YCM's disclosures and to manage the impacts of those conflicts;
4. YCM and its employees must not take inappropriate advantage of their positions of trust with or responsibility to the Funds; and
5. YCM and its employees must always comply with all applicable securities laws.

Misuse of non-public information

The code of ethics contains a policy against the use of non-public information in conducting business for YCM. Employees may not convey non-public information nor depend upon it in placing trades for clients of YCM or for personal securities accounts.

Personal securities trading

All employee personal trades of reportable securities must be pre-approved by the Chief Compliance Officer.

YCM's owners and employees may not invest in securities (other than ETFs) in which a Fund is invested.

Carson Yost may only transact in ETFs or other reportable securities (with the exception of private placements or private investments) for personal accounts to hedge exposures resulting from a private placement or other private investment(s). For the purposes of clarity, the preceding sentence will not in any way prohibit Carson Yost from investing, personally or through family partnerships or other entities, in any private placement or other private investment(s).

Employees are required to submit reports of personal securities trades on a quarterly basis, and securities holdings annually. These are reviewed by the Chief Compliance Officer to ensure compliance with YCM's policies.

Outside business activities

Employees are required to report any outside business activities generating revenue. If any are deemed to be in conflict with the Funds, such conflicts will be fully disclosed.

Conflicts of Interest

The material reportable conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and in the offering documents of each Fund and these materials should be read in their entirety.

Personal Trading. The Funds' organizational documents do not prohibit the General Partner or YCM, or their respective general partners, or their employees, members and/or principals or any other partner from buying or selling securities or commodity interests for their own account. YCM maintains compliance policies and procedures, including personal trading policies, which are designed to reduce potential conflicts of interest (see "Code of Ethics" above). With respect to such personal accounts, the General Partner, YCM, their general partners or their employees, members and/or principals may not invest in securities (other than ETFs) in which a Fund is invested.

ITEM 12. BROKERAGE PRACTICES

YCM is responsible for the placement of the portfolio transactions of the Funds and the negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked price.

The Offshore Fund invests all, or substantially all, of its assets in the Master Fund. Therefore, at this time, all investment activity takes place at the Master Fund and all securities transactions settle and clear with the Master Fund. At this time, there is no need to aggregate orders and subsequently allocate transactions between the Master Fund and the Offshore Fund.

The Master Fund's securities trades will be cleared through Morgan Stanley and Co. Inc. (the "Prime Broker") pursuant to the terms of a clearing agreement with YCM. Securities transactions are executed by brokers selected by YCM in its sole discretion and without the consent of the Funds. In placing portfolio transactions, YCM will seek to obtain the best execution for the Funds, 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 the order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying YCM's other selection criteria.

In addition, subject to YCM's obligations to seek best execution, YCM may consider referrals of investors in selecting brokers. This presents a conflict of interest in that YCM may have an incentive to select or recommend a broker based on its interest in receiving client referrals rather than on YCM's clients' interest in receiving most favorable execution. During its last fiscal year, YCM did not direct any client transactions to a particular broker in return for any client referrals. YCM did execute transactions with a broker where an investor in the Offshore Fund is employed. This brokerage relationship was established prior to the investor making an investment in the Offshore Fund and was based on investment and research reports available from the broker. No transactions were directed to this broker based on client referrals.

YCM is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information or to pay higher commissions to such firms if YCM determines such prices or commissions are reasonable in relation to the overall services provided. Research 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. YCM is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by YCM, and YCM's fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the Funds may be utilized by YCM or its affiliates in connection with its investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by YCM in performing its services for the Funds. Since commission rates in the United States are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

In addition to research services, YCM may be offered other non-monetary benefits by broker-dealers that it may engage to execute securities transactions on behalf of the Funds. These benefits may be available for use by the General Partner in connection with transactions in which the Funds will not participate. The availability of these benefits may influence YCM to select one broker rather than another to perform services for the Funds. Nevertheless, YCM will attempt to assure either that the fees and costs for services provided to the Funds by brokers offering these benefits are not materially greater than they would be if the services were performed by equally capable brokers not offering such services or that the Funds also will benefit from the services.

YCM has the option to use "soft dollars" generated by the Funds to pay for third party research and research related services and products. The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include

both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), provides a “safe harbor” to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. In the event that YCM elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act. The General Partner and YCM do not currently intend to have a broker pay a third party with “soft dollars” for services acquired by the broker for the benefit of the General Partner or YCM.

The use of brokerage commissions to obtain investment research services creates a conflict of interest between YCM and the Funds, because the Funds pay for such products and services that are not exclusively for the benefit of the Funds and that may be primarily or exclusively for the benefit of YCM. To the extent that YCM is able to acquire these products and services without expending its own resources (including management fees paid by the Funds), YCM’s use of “soft dollars” would tend to increase YCM’s profitability. In addition, the availability of these non-monetary benefits may influence YCM to select one broker rather than another to perform services for the Funds. YCM may have an incentive to select or recommend a broker based on YCM’s interest in receiving the research or other products or services, rather than on the Funds’ interest in receiving most favorable execution.

During its last fiscal year, YCM received investment and research reports and information from brokers, access to analysts at brokers, access to management meetings and invitations to conferences from brokers with whom it traded. During their last fiscal years, YCM and the General Partner did not have a broker pay a third party with “soft dollars” for any services or research acquired by the broker for the benefit of the General Partner or YCM.

ITEM 13. REVIEW OF ACCOUNTS

Oversight and Monitoring

YCM provides continuous advisory services for the Funds. The portfolio investments of each Fund are primarily reviewed by a team of investment professionals, which currently includes the Portfolio Manager and Senior Analyst.

Reporting

The Funds have engaged an independent public accounting firm to prepare audited financial statements of the Funds within 120 days of the end of each fiscal year (or such shorter period as may be set forth in a Fund’s operative documents) or as soon as reasonably practicable thereafter. The Funds also furnish unaudited monthly reports reviewing the Funds’ performance for such month as well as quarterly letters. Investors in a Fund receive an investor statement from the Fund’s administrator each month which shows capital activity, income (loss), management fees and a pro-forma calculation of any performance reallocation.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

YCM does not currently have any arrangements whereby someone who is not a client provides an economic benefit to YCM for providing investment advice or other advisory services to the Funds.

YCM does not currently have any arrangements in place whereby YCM compensates any person for client referrals.

ITEM 15. CUSTODY

Item 15 is not applicable to YCM, as the Funds' "qualified custodian" is not required to send account statements.

ITEM 16. INVESTMENT DISCRETION

YCM provides investment advice directly to its Funds pursuant to a written investment management agreement with the Funds, subject to the discretion and control of the general partner or the board of directors of the applicable Fund, and not directly to the investors in the Funds. Powers of attorney and any restrictions on YCM's authority are set forth in the organizational documents and subscription documents of the Funds.

ITEM 17. VOTING CLIENT SECURITIES

YCM will treat voting rights of securities held in its clients' or Funds' portfolios in a manner that it believes is in its clients' or Funds' best interests. YCM will first determine whether it is in the clients' or Funds' best interest for YCM to exercise the clients' or Funds' voting rights with respect to specific securities. If YCM determines that it is appropriate to exercise voting rights in a particular instance, the matters on which a vote is solicited will be evaluated in light of the clients' or Fund's investment objectives for the security.

Potential conflicts of interest include:

- Voting in accordance with the portfolio manager's recommendation where the proxy company or one of its benefit plans has an institutional separate account relationship with YCM or a large investment in one of the Funds.
- YCM having a material business relationship with a proponent of a proxy proposal, participants in a proxy contest or directors or nominee directors of a portfolio company.
- An employee of YCM having a personal interest in the outcome of a particular proxy proposal.

In the event of a conflict of interest, the Chief Compliance Officer and the Portfolio Manager will determine how the proxy should be voted.

This summary of YCM's voting policies and procedures is qualified in its entirety by YCM's voting policies and procedures. YCM will make information regarding how proxies were voted available upon request to any client and a copy of YCM's voting policies and procedures is available to any client upon request sent to Kyle Knutson – kyle@yostfunds.com.

ITEM 18. FINANCIAL INFORMATION

Item 18.A is not applicable to YCM, as it does not require or solicit prepayment of fees six months or more in advance.

YCM is not currently aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.

Item 18.C is not applicable to YCM, as it has not been subject to a bankruptcy petition during the past ten years.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Item 19 is not applicable to YCM as it is not registered with any State securities authority.