

Definitive Capital Management, LP

Part 2A of Form ADV

The Brochure

555 East Lancaster Avenue Suite 110, Radnor, PA 19087
484 866-8336
www.definitivecapital.com

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This brochure provides information about the qualifications and business practices of Definitive Capital Management, LP (“the Adviser”). If you have any questions about the contents of this brochure, please contact us at 484-866-8336. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Definitive Capital Management, LP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of the Adviser should be considered carefully in your decision to hire or retain us to provide advisory services. Additional information about the Adviser is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Material Changes

Since the Adviser's previous Part 2A filing dated September 27, 2011, there have been no material changes to the Adviser's business which merit special discussion in this section.

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Item 4: Advisory Business

The Adviser provides investment advisory services on a discretionary basis to private investment vehicles and separately managed accounts (collectively, the “Client(s)”). Investment objectives are detailed in the relevant offering documents for the private investment vehicles and investment management agreements for the separately managed accounts. The Adviser may agree to tailor advisory services to the individual needs of the Clients.

The Adviser was founded in December 2010. The Adviser is owned by Andrew Mark Lutz. As of December 31, 2011 the Adviser managed \$756,215,065 on a discretionary basis on behalf of seven Clients.

Item 5: Fees and Compensation

The private investment vehicles currently managed by the Adviser charges its investors a monthly management fee of 0.167% (i.e. 2.0% per annum) as of the beginning of each calendar month. The management fee is based on the total market value of the assets in the private investment vehicle (including cash and cash equivalents). The separately managed accounts are charged a management fee at the end of each calendar month. In addition to the management fee, the Adviser (or its affiliate) receives a 20% incentive allocation from the private investment vehicles and an incentive fee for the separately managed accounts, based on the profit and loss for the Client whether realized or unrealized, subject to a “loss carry-forward” provision. This compensation may be paid to the Adviser and/or to a related party of the Adviser. Please refer to the Other Financial Industry Activities and Affiliates section for more information about the Adviser’s affiliates and related parties.

The separately managed accounts are also charged a 0.167% monthly management fee as of the beginning of each calendar month. The rate of the management fee is negotiable based on the amount of assets under management. The incentive fees are based on the profit and loss of the Client whether realized or unrealized subject to a loss carry-forward.

The Adviser, in its sole discretion, may waive or reduce the management fee and/or the incentive fee/allocation with regard to investors in each respective private investment fund that are employees or affiliates of the Adviser, relatives of such persons, and for certain strategic investors.

The Adviser (or its affiliate) deducts fees directly from private investment vehicles. The Adviser does not have authority to deduct fees from the separately managed accounts. In addition to the management fee and incentive fee/allocation, the Clients will also be subject to other investment expenses such as trading costs, custodial fees and interest expense. Private investment vehicles will bear their pro rata share of their underlying operating and other expenses including, in addition to those listed above: legal expenses, audit, administration, tax preparation, director fees,

organizational and other expenses as described in the relevant fund offering documents. In addition, to the extent the Clients are invested in money market funds, ETF's or other registered investment companies, the Clients will bear their pro rata share of the investment management fee and other fees of the fund, which are in addition to the investment management fee paid to the Adviser. Management fees for the private investment vehicles are paid monthly in advance and their investors may only redeem on a monthly basis. There would only be a refund of fees if the management services of the Adviser were terminated during the month. If this were to occur the Adviser would return to the private investment vehicle the pro rata management fees charged in advance that were not earned. Generally all other expenses, with the exception of research fees (i.e., Bloomberg terminals) are paid after services have been performed. Please refer to the Brokerage Practices section for additional disclosure regarding trading costs.

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

As stated in the Fees and Compensation section above, Clients are charged an incentive fee/allocation, as applicable.

The fact that the Adviser is compensated based on trading profits may create an incentive for the Adviser to make investments on behalf of Clients that are riskier or more speculative than would be the case in the absence of such compensation. The incentive allocation/fee could be based on unrealized gains that the Client may never realize.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with differing fee arrangements and the allocation of investment opportunities. The Adviser allocates trades ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of managed accounts with a similar strategy is regularly evaluated to determine whether there are any unexplained significant discrepancies. In addition, the allocation of investment opportunities is done pro rata based on the asset size of each Client subject to Client mandated restrictions. The closing of investment positions when a security is held long is sold or a security held short is covered is done by taking the relative holdings for each Client for that security and closing out the position based on the relative position held in each Client account.

Item 7: Types of Clients

The Adviser provides investment advisory services on a discretionary basis to private investment vehicles, fund of funds, corporations, insurance companies and reinsurance companies. The Adviser generally requires that separately managed accounts open with a minimum of \$100,000,000. If a separately managed account falls below this threshold due to market conditions, the separately managed account will not be required to invest additional funds with the Adviser to meet the minimum account size. With respect to any private investment vehicle, any initial and additional subscription minimums are disclosed in their respective offering memorandums. The Adviser may waive minimum investment thresholds on a case-by-case basis.

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

The Adviser's investment objective is to achieve superior risk-adjusted returns by investing in various fixed income instruments and derivative securities traded primarily in the United States, with a primary focus on municipal bonds. The Adviser generally seeks to hedge first order exposures (e.g., interest rate risk, credit risk, etc.). The Adviser engages in a high velocity trading style which may result in higher commissions and charges to Client accounts. The Adviser's investment strategies include arbitrage style trades that attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The success or failure of the Adviser's strategies frequently depends on the correlation between securities within the overall portfolio. In many cases, the strategies are based on an assumption that historical pricing correlations accurately represent future correlations. In contexts where a strategy is based on identifying apparent pricing anomalies based on historical correlations, a short- or long-term change in those correlations could adversely affect the anticipated market gain achievable from trading on the basis of the strategy. Historical pricing patterns do not necessarily predict future relationships, particularly at times of serious market disruption or during unusual trading periods or market events. Since many strategies assume a continuation of historical pricing patterns, any substantial deviation from those patterns can result in volatility and losses. Further, the Adviser may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricing underlying the Client's trading positions were to fail to converge toward, or were to diverge further from, relationships expected by the Adviser, the Clients may incur a loss.

Interest Rate Risk

The Clients are subject to interest rate risk inherent with fixed income securities. Generally, the value of fixed income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk generally is greater for long-term securities than for short-term securities. The Adviser may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures or interest rate options and by shorting U.S. Treasury securities, Treasury Futures, other futures and ETF products. However, there is no guarantee that such strategies will be implemented or if implemented will be successful in fully mitigating the impact of interest rate changes on the Client's portfolio.

Leverage

As described above, the Adviser intends to utilize leverage in its portfolio. This results in the Client controlling more assets than it has equity. Leverage increases returns to the Client if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional levels of risk including: (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's assets, the Adviser

might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Client.

The concept of leverage involves the use of debt to finance purchases of securities and manifests itself in different ways within Client portfolios. The Client has the ability to borrow funds "on margin" from brokers for the purchase of securities. These are transactions that involve an initial cash requirement representing a given percentage of the underlying security's value with respect to transactions in U.S. markets and varying (typically lower) percentages with respect to transactions in non-U.S. markets. The Client's purchases of debt securities may be financed through repurchase agreements with banks, brokers and other financial institutions which involve the transfer by the Client of the underlying debt instrument in return for cash proceeds based upon a percentage (which can be as high as 100%) of the value of the debt instrument. The Client faces risks due to leverage in the event that its investments decline in value. In this event, the Client could be subject to a "margin call" or "collateral call," pursuant to which the Client must either deposit additional funds with the lender, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value.

To the extent that options or other derivative financial instruments are used, it should be noted that they inherently contain much greater leverage than the purchase of the underlying security, commodity or instrument. This is due to the fact that generally only a very small portion (and in some cases none) of the value of the underlying security, commodity or instrument is required to be paid in order to make such investments. In addition, many of these products are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

Depending on the general conditions in the credit markets, the Adviser may at times find it difficult or impossible to obtain leverage for the Clients. Since the Adviser may deploy leverage, it could be difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind positions quickly and at prices below what the Adviser deems to be fair value for the positions.

U.S. Government Securities

The Adviser may invest in U.S. Government securities. Generally, these securities include U.S. Treasury obligations and obligations issued or guaranteed by U.S. Government agencies, instrumentalities or sponsored enterprises. U.S. Government securities also include Treasury receipts and other stripped U.S. Government securities, where the interest and principal components of stripped U.S. Government securities are traded independently. These securities are subject to market and interest rate risk. The Adviser may also invest in zero coupon U.S. Treasury securities and in zero coupon securities issued by financial institutions, which represent a proportionate interest in underlying U.S. Treasury securities. A zero coupon security pays no interest to its holder during its life, and its value consists of the difference between its face value at maturity and its cost. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Municipal Market and Tax Reform Risk

The Adviser expects to purchase the debt securities of municipal issuers as part of its trading strategies. Although the Adviser typically does not purchase such instruments to take advantage of potential tax preferences, changes or proposed changes in federal tax laws could impact the

value of those securities. Of particular concern would be large changes in marginal income tax rates or the elimination of the tax preference for municipal interest income versus currently taxable interest income. Also, the failure or possible failure of such debt issuances to qualify for tax-exempt treatment may cause the prices of such municipal securities to decline, possibly adversely affecting the value of the Clients portfolio. In addition, the municipal market is a fragmented market that is very technically driven. There can be regional variations in economic conditions or supply-demand fundamentals. Municipal bonds essentially cannot be shorted or be the subject of repurchase agreements, and any interest or other expenses incurred for their purchase cannot be deducted. Securities issued by municipalities must be held by beneficial owners for their interest to be treated as tax-exempt. The municipal market is also still predominantly a retail buyer driven market. For these reasons, it is subject to very different supply-demand fundamentals than corporate markets. Public information in the municipal market is also less readily available than in other markets, increasing the difficulty of evaluating and valuing securities. As opposed to the majority of municipal bonds outstanding, most municipal bonds expected to be held by the Clients will be secured by payments to be made by private companies and changes in market conditions affecting such bonds, including the downgrade of a private company obligated to make such payments, could have a negative impact on the Clients performance and the municipal market generally.

Debt Securities; Lower-Rated Securities

While most of the Clients' investments are in instruments linked to "investment grade" credit, at any given time the Adviser may make investments in debt securities rated lower than Baa by Moody's or lower than BBB- by S&P (or, if not rated, deemed by the Adviser to be of comparable quality). Securities rated lower than Baa by Moody's or lower than BBB- by S&P are sometimes referred to as "high-yield" or "junk" bonds. Securities rated Baa are considered by Moody's to have some speculative characteristics. Lower-rated securities may include securities that have the lowest rating or are in default.

Investing in lower-rated securities involves special risks in addition to the risks associated with investments in higher rated debt securities, including a high degree of credit risk and increased risks in the case of deterioration of general economic conditions. Lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. The Adviser may invest on behalf of its Clients in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Adviser may invest Clients' funds in debt securities which are not protected by financial covenants or limitations on additional indebtedness. In addition, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. Analysis of the creditworthiness of issuers/issues of lower-rated securities may be more complex than for issuers/issues of higher quality debt securities. Lower rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. Securities that are in the lowest rating category are considered to have extremely poor prospects of ever attaining any real investment standing, to have a current identifiable vulnerability to default, and to be unlikely to have the capacity to pay interest and repay principal. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities.

The secondary markets in which lower-rated securities are traded tend to be less liquid than the market for higher-grade securities, which can adversely affect the prices at which these securities can be sold. Less liquidity in the secondary trading markets could therefore adversely affect and cause fluctuations in the value of the Clients' portfolio. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the values and liquidity of lower-rated securities, especially in a thinly traded market.

The use of credit ratings as the sole method of evaluating lower-rated securities can involve certain risks. For example, credit ratings evaluate the safety of principal and interest payments, not the market value risk of lower-rated securities. In addition, credit rating agencies may fail to change credit ratings in a timely fashion to reflect events since the security was rated.

Potential Concentration

The Adviser invests primarily in fixed income instruments and related derivative securities and therefore will not be diversified among different asset classes. Further, the Adviser is not required to maintain any specific amount of diversification among issuers, geographic areas or industry groups. While the Clients' portfolio will generally contain a number of positions, it may at times have significant exposure to particular instruments. Market changes or other events affecting the credit markets generally or the markets for particular instruments may have a more significant effect on the portfolio than if it were more diversified.

Credit Risk

The Adviser's strategy may include purchasing investment grade convertible and non-convertible bonds and high-yield convertible and non-convertible bonds, including those for which there is available credit protection via credit default swaps or other instruments. Although the Adviser may seek to hedge a portion of the perceived vulnerable credit exposure relating to these bond positions, it may not always do so or be able to do so and such hedges may not always be effective. Accordingly, there will always be some and sometimes significant amounts of credit risk to both investment grade and high-yield bonds in the Clients' portfolio.

Derivatives Instruments Generally

The Adviser's investment strategies may employ investments in derivative instruments. Generally, derivatives can be characterized as financial instruments whose performance is derived, at least in part, from the performance of an underlying asset or assets. Types of derivatives include options, futures contracts, options on futures, forward contracts, swaps and credit-linked notes. Derivative instruments may be used for a variety of reasons, including to enhance return, lever the assets of Clients, hedge certain market risks, or provide a substitute for purchasing or selling particular securities. Derivatives may provide a cheaper, quicker or more specifically focused way for the Adviser to invest than "traditional" securities would.

Derivatives can be volatile and involve various degrees of risk, depending upon the characteristics of the particular derivative and the portfolio as a whole. Risks that derivative instruments in general have include imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative instruments. Furthermore, the ability to successfully use derivative instruments may be more dependent on the Adviser's ability to predict pertinent market movements than other investments. Thus, the use of derivative instruments may result in losses greater than if they had

not been used and may require the Adviser to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Client can realize on an investment, or may cause the Client to hold a security that it might otherwise sell. Additionally, amounts paid by the Client as premiums and cash or other assets held in margin accounts with respect to derivative instruments are not otherwise available to the Client for investment purposes.

Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as over-the-counter derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency which is the issuer or counterparty to such derivatives. This guarantee is usually supported by a daily payment system (i.e., margin requirements) operated by the clearing agency in order to reduce overall credit risk. As a result, unless the clearing agency defaults, there is relatively little counterparty credit risk associated with derivatives purchased on an exchange. By contrast, no clearing agency guarantees over-the-counter derivatives. Therefore, each party to an over-the-counter derivative bears the risk that the counterparty will default. Over-the-counter derivatives may be less liquid than exchange-traded derivatives since the other party to the transaction may be the only investor with sufficient understanding of the derivative to be interested in bidding for it.

Risks Related to Credit Default Swaps

The Adviser may invest in credit default swaps ("CDS"). The Adviser expects to primarily enter into CDS as a "buyer" but may also be a "seller". The "buyer" in a CDS is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event in a CDS means failure to pay principal, write-down and distressed rating downgrade and in a CDS includes failure to pay interest in addition to the foregoing. Thus, if a credit event occurs and the Adviser is a buyer of CDS, the Client would generally expect to receive the full notional value of the underlying reference obligation. In the event that the Adviser is a buyer of a CDS, and if no credit event occurs, the Client will have made fixed payments and received nothing, and thus may incur losses. In the event the Adviser is a seller of a CDS and a credit event occurs, the Client may incur significant losses due to its payment obligations to the buyer under the CDS.

In addition to general market risks, CDS are subject to liquidity risk and credit risk of the applicable counterparty. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. The buyer of CDS may also incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a CDS only by delivering a physical security to the seller, and is at risk if deliverable securities are unavailable or illiquid.

Convertible Securities

The Adviser may invest in convertible securities, securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company or that are indexed to an unmanaged market index at the option of the holder during a specified time period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, stock purchase warrants, zero-coupon bonds or liquid-yield option notes, stock

index notes, mandatories, or a combination of the features of these securities. Prior to conversion, convertible securities have the same general characteristics as non-convertible debt securities. As with all debt securities, the market value of convertible securities tends to decline as interest rates increase and conversely increase as interest rates decline. Convertible securities, however, also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates. Further, convertible securities may involve certain risks which are not present with respect to a standard purchase of common stock. Convertible securities may contain restrictions on the number of securities that may be converted at any one time or restrictions on the Advisor's ability to hedge such securities. The risks may include, but are not limited to, the risk that the issuer may pay dividends to its common shareholders without any compensation being paid to the convertible holders and uncertainty regarding the treatment of convertibles in the event the issuer is acquired or merged with another entity (i.e., whether the conversion rights will be protected and ongoing into the new legal entity).

Hedging Transactions

The Adviser may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for risk management purposes. However, there can be no assurances that the Adviser will implement such hedges, or that, if implemented, a particular hedge will prove appropriate, or that a certain risk is measured properly. Further, while the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Clients than if it did not engage in any such hedging transactions. Moreover, the Client will always be exposed to certain risks that cannot be hedged. In addition, the Adviser will pursue certain strategies which will involve the Client taking "long" positions that it will typically not enter into hedging transactions with respect to. To the extent that the Adviser does not engage in short sales or hedging activities (other than currency hedging), with respect to such positions, it is likely that the performance of such positions will be more volatile than the Adviser's other strategies which do involve hedging activities.

Short Sales

As discussed above, the Adviser's relative value strategies generally involve the Adviser taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Further, the Adviser may seek to hedge certain long positions by taking corresponding short positions. These short selling activities involve the sale of securities not owned by the Client, and necessarily involves certain additional risks. Such transactions expose the Client to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without effective limit. There is the risk that the securities borrowed by the Client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Lack of Liquidity of Fund Assets

The Clients' assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments.

Non-U.S. Securities

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilizing options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Adviser may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Clients' rights in such markets. The protections accorded to the Clients under certain U.S. investments and other laws and regulations may be unavailable for transactions on foreign exchanges and with foreign counterparties.

Currency Risks

The Adviser's investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Custody Risk

There are risks involved in dealing with the custodians or prime brokers (collectively "Custodians") who settle Clients' trades. The Adviser maintains custody accounts for the private investment vehicles. Through relationships with introducing brokers, Client assets may also be held, from time to time, in custody accounts at other Custodians. The Adviser may add additional prime brokers in the future. Although the Adviser monitors the Custodians and believes that each Custodian is an appropriate custodian, there is no guarantee that the Custodians, or any other custodian that the Adviser may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code, as amended, and the U.S. Securities Investor Protection Act of 1970, as amended, seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Client assets, the Client would not incur losses due to

its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Adviser and/or the Custodians may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Clients. The Custodians may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Client as a result of the bankruptcy or insolvency of any such sub-custodian. The Client may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided by a custodian may not be available to the Client. Under certain circumstances, including certain transactions where the Clients' assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Custodians, or where the Clients' assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Client and hence the Client could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Client to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Client may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Clients rights to its assets in the case of a bankruptcy or insolvency of any such party.

Counterparty and Settlement Risk

Certain instruments in which the Adviser may invest may, in certain circumstances, bear credit risk with regard to other parties involved, as well as risk of settlement default. Moreover, transactions directly between two counterparties (e.g., off-exchange) may not be afforded certain protections such as settlement, segregation and minimum capital requirements applicable to intermediaries, and therefore expose the parties to the risk of counterparty default. To the extent the Adviser makes investments in non-U.S. securities, swaps, derivative or synthetic instruments, or other over-the-counter transactions, in certain circumstances, the Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. These risks may differ materially from those associated with exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It may not always be possible for the securities and other assets deposited with custodians or brokers to be clearly identified as being assets of the Client and the Client may be exposed to a credit risk in those situations. In addition, there may be practical or time problems associated with enforcing the Clients' rights to its assets in the case of an insolvency of any such party. In valuing derivative instruments, it is anticipated that the Adviser will typically rely on quotes or other information provided by counterparties.

Many emerging market countries have different clearance and settlement procedures from developed countries. There may be no central clearing mechanism of settling trades and no central depository or custodian for the safe keeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in the recording of ownership. Increased settlement risk may increase counterparty and other risk. Certain

markets have experienced periods when settlement dates are extended, and during the interim, the market value of an instrument may change. Moreover, certain markets have experienced periods when settlements did not keep pace with the volume of transactions resulting in settlement difficulties. Because of the lack of standardized settlement procedures, settlement risk in emerging markets is more prominent than in more mature markets.

Under certain conditions, the Client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid, which losses could be material. In addition, the Client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the Client does business, or to which securities have been entrusted for custodial purposes, which losses could be material.

In addition, a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, whether or not a counterparty of the Client, may cause a series of defaults by the other institutions, some of which may be counterparties of the Client. Such a circumstance also may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Client interacts on a daily basis. Misconduct by counterparties could cause significant losses to the Client. Losses could result from actions by third party service providers, including, without limitation, failing to recognize trades and misappropriating assets. In addition, third party service providers may violate legal or contractual obligations to the Client or the Adviser, including improper use or disclose the Client's confidential information. Although the Client will adopt measures to select reliable third party providers, such measures may not be effective in all cases.

Portfolio Valuation

The Adviser's private investment vehicles may make investments in restricted or thinly traded securities, which may be extremely difficult to value accurately. In light of the foregoing, there is a risk that a shareholder who withdraws all or part of his investment while the Client holds such investments will be paid an amount less than he would otherwise be paid if the actual value of such investments is higher than the value designated by the Client. Similarly, there is a risk that such shareholder might, in effect, be overpaid if the actual value of the investments in restricted or thinly traded securities is lower than the value designated by the Client. In addition, there is a risk that an investment in the Client by a new shareholder (or an additional investment by an existing shareholder) could dilute the profitability of such investments to existing shareholders that do not make corresponding additional investments (this risk is not applicable to the separately managed accounts).

Because of overall size, concentration in particular markets, liquidity and maturities of positions held by the Client, and the use of models with respect to certain positions, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described in private investment vehicles offering memorandum. In addition, the timing of liquidations may also affect the values obtained on liquidation. Securities to be held by the Client may routinely trade with bid-ask spreads that may be significant. The Adviser is entitled to rely, without independent investigation, upon pricing information and valuations furnished to the Client by third parties, including pricing services. At times, third-party pricing information may not be available for certain positions held by the Client.

In addition, the Client may hold loans or privately placed securities for which no public market exists, and the Adviser will value these based on its best judgment.

Item 9: Disciplinary Information

The Adviser, its affiliates, and its employees have not been involved in any legal or disciplinary events that would be material to a Client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

The general partner of a private investment fund Client is affiliated with the Adviser by common ownership. The Adviser from time to time may purchase Treasury Futures for hedging purposes. The Adviser has received an exemption from the Commodity Futures Trading Commission pursuant to Regulations 4.13(a)(3).

The Adviser has entered into a profit sharing arrangement with a seed investor. The seed investor has no direct ownership in the Adviser.

Corestone Distributors, LLC ("Corestone"), a registered broker-dealer, is controlled by Andrew Lutz, the principal owner of the Adviser. Andrew Lutz and other management persons of the Adviser are registered representatives of Corestone. The Adviser does not expect material conflicts of interest to arise from its relationship with Corestone. Corestone is a limited purpose broker-dealer that serves as a placement agent for the Adviser's private investment vehicles. Corestone may, in the future, provide distributions to other private funds. Corestone does not initiate or execute trades for the Adviser's private investment vehicles or for any other clients.

The Adviser may enter into side letter agreements with prospective or existing investors with respect to their investment in Clients that are private investment vehicles, whereby such investors may have special redemption rights, relating to frequency or notice, a waiver or rebate in fees or redemption penalties to be paid or rights to receive reports on a more frequent basis or that receive more detailed information with respect to portfolio positions. These modifications are solely at the discretion of the Adviser and may be based on the size of the investor's account or an agreement to maintain a certain size for a significant period of time or other similar commitment.

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

The Adviser recognizes and believes that: (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act for their benefit. All personnel of the Adviser must put the interests of the

Adviser's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of the Adviser must also comply with all federal securities laws.

The Adviser has adopted a Code of Ethics governing personal trading by its personnel. Among other requirements, the Code of Ethics requires personnel to pre-clear certain trades with the Chief Compliance Officer. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Steven Higgins (the Adviser's Chief Financial Officer and Chief Compliance Officer) via email at shiggins@definitivecapital.com.

The Adviser and its related persons may invest their personal investments in the Clients, and, therefore, such persons may hold the same securities as other investors in the Clients. In addition, the Adviser and its related persons may own securities in their personal accounts that are also recommended by the Adviser to the Clients. Such practices present a conflict where, because of the information the Adviser has, the Adviser or its related persons are in a position to trade in a manner that could adversely affect Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients' trades). In addition to affecting the Adviser's or its related persons' objectivity, these practices by the Adviser or its related persons may also harm Clients by adversely affecting the price at which the Clients' trades are executed. The Chief Compliance Officer may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. All of the Adviser's related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis, additionally, they are also required to provide broker confirmations of each transaction in which they engage and a quarterly certification of such transactions. Trading in employee accounts will be reviewed by the Chief Compliance Officer and compared with transactions for the Client accounts.

Item 12: Brokerage Practices

Broker Selection

In selecting brokers or dealers to execute transactions for a Client, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The Adviser is not required to negotiate "execution only" transactions, and thus a Client may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate. In no case will the Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker, nor will it commit to pay cash if any informal targets are not met. In selecting a broker, the Adviser makes a good faith determination that the transaction fees are reasonable in comparison to the value of the services provided. The Adviser will take into account, among other factors, the financial stability and reputation of brokerage firms, financing and counterparty factors, ability to execute difficult trades, and access to markets, and the research, brokerage or related services provided by such brokers.

Trade Aggregation and Allocation

The Adviser often purchases or sells the same security for many clients at or near the same time using the same executing broker. It is the Adviser's practice, where possible, to aggregate Client

orders for the purchase or sale of the same security. Such aggregation may enable the Adviser to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. The Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to Clients. Those Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

If the Adviser decides not to aggregate a particular trade, Clients may, on average, pay higher brokerage costs. In cases where trading or investment restrictions are placed on a Client's account, the Adviser may be precluded from aggregating that Client's transaction with others. In such a case, the Client may pay a higher commission rate and/or receive less favorable prices than Clients who are able to participate in an aggregated order.

Soft Dollars

The Adviser does not currently use soft dollars.

Trade Errors

In the event that Clients incur a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that Clients incur no loss. Trade errors that are a result other than by breach of the standard of care stated above will be borne by the Clients.

Agency Cross Transactions

As a matter of policy, the Adviser does not engage in agency cross transactions. An agency cross transaction occurs when the investment adviser acts as broker for the advisory client and the other party to the trade. The Adviser does not cross trades between client accounts. Agency cross transactions may also arise if an adviser is or affiliates with a broker-dealer. Although the Adviser has a broker-dealer affiliate (Corestone Distributors), the broker-dealer is not authorized to initiate or otherwise execute transactions in any account, including Client accounts of the Adviser.

The SEC requires that certain steps be taken in order for agency cross transactions to comply with Rule 206(3)-2(b) under the Investment Advisers Act. These requirements include client approval and reporting, ADV disclosure, and record keeping, among others. The CCO has responsibility for monitoring trading practices to ensure that agency cross trading does not occur unless in full compliance with applicable rules.

Directed Brokerage

Advisory clients may request to direct their advisers to execute all or a portion of their portfolio transactions with a chosen broker-dealer. This practice is known as 'directed brokerage.' As a matter of policy the Adviser does not maintain directed brokerage arrangements with Clients. The Adviser will not accept a future directed brokerage arrangement without specific approval and procedures instituted by the CCO, which must include disclosure of all risks to the Client as required by SEC guidance. The Adviser's decision to accept any such arrangement would be conditioned upon such directed brokerage not materially undermining the Adviser's ability to provide best qualitative execution for these Clients.

New Accounts

The timing of new account trading is determined by a Managing Director of the Adviser. There is no discrete deadline imposed upon the Adviser relative to the timeline for trading following new account funding. Rather, the timing of trades for new accounts will be addressed on a case by case basis. Any Client direction relative to new account funding or trading must be documented in writing and approved by the Adviser.

Item 13: Review of Accounts

Mr. Andrew Lutz, the Portfolio Manager to the Clients, is aware of the holdings in each Client's account on a continuous basis. These holdings are monitored by Mr. Lutz in light of trading activity and other activities which may dictate a change in portfolio positions.

Separate account Clients receive electronic reports at month end detailing the positions and a profit and loss report for that month. For Client accounts that are private investment vehicles, investors receive reports from the administrator to the private investment vehicle on a monthly basis showing their account balance and the gain or loss during the month. In addition, investors in the private investment vehicle receive annual audited financial statements.

Item 14: Client Referrals and Other Compensation

The Adviser selectively enters into marketing arrangements to compensate third-party solicitors for Client referrals. Where applicable, these Client solicitations are structured to comply fully with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15: Custody

Custody occurs when an adviser or related person directly or indirectly holds client funds or securities, or has the ability to gain possession of them. One of the Adviser's related persons is deemed, in accordance with the Advisers Act, to have custody of the assets of the pooled investment vehicles for which it serves as general partner.

The Adviser maintains policies and procedures to comply with the requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). The Adviser's managed account Clients engage qualified custodians directly to maintain accounts for their funds and securities. Securities and funds for pooled investment vehicle Clients are also held with a qualified custodian and subject to an independent annual audit in order to meet the requirements of the Custody Rule.

Item 16: Investment Discretion

Except for the general investment guidelines set forth in each private investment fund, Client's respective offering documents there are no limitations on the discretionary authority of the Adviser. The Adviser's investment management agreement with a separate account Client sets forth the scope of the Adviser's discretion. Unless otherwise instructed or directed, the Adviser has the authority to determine: (i) the securities to be purchased and sold for the Client account; and (ii) the amount of securities to be purchased or sold for the Client account. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held. The operations area of the Adviser allocates the transactions pro-rata to each of the Clients subject to restrictions placed by such Clients based on the relative asset size of each Client.

Item 17: Voting Client Securities

The Adviser maintains proxy voting authority over all Client accounts. However, the Adviser does not generally invest on behalf of Clients in securities where there are voting rights. If the Adviser were to invest in securities with voting rights, the Adviser would adopt policies and procedures to ensure that proxies are voted in the best interests of its Clients on a case by case basis taking into account those factors deemed relevant by the Adviser.

Item 18: Financial Information

The Adviser has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage its Clients.

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