

*ITEM 1 –COVER PAGE*

***PART 2A OF FORM ADV: FIRM BROCHURE***

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This brochure provides information about the qualifications and business practices of P.A.W. Capital Partners, L.P. (herein “P.A.W.”). If you have any questions about the contents of this brochure, please contact us at (203) 862-3388 and/or [vmaguire@pawpartners.com](mailto:vmaguire@pawpartners.com). The information in this brochure has not been approved or verified by the United State Securities and Exchange Commission (“the SEC”) or by any state security authority.

P.A.W. is currently under the process of registration with the SEC. Note that such registration does not imply a certain level of skill or training.

Additional information about P.A.W. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### *ITEM 3 – TABLE OF CONTENTS*

|   |           |
|---|-----------|
| <i>ITEM 1 –COVER PAGE.....</i>  | <i>1</i>  |
| <i>ITEM 3 – TABLE OF CONTENTS.....</i>  | <i>2</i>  |
| <i>ITEM 4 – ADVISORY BUSINESS .....</i>   | <i>3</i>  |
| <i>ITEM 5 –FEE AND COMPENSATION.....</i>  | <i>3</i>  |
| <i>ITEM 6 –PERFORMANCE-BASED FEE AND SIDE-by-SIDE MANAGEMENT .....</i>  | <i>4</i>  |
| <i>ITEM 7 –TYPES OF CLIENTS .....</i>   | <i>5</i>  |
| <i>ITEM 8 –METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</i>                                 | <i>5</i>  |
| <i>ITEM 9 –DISCIPLINARY INFORMATION .....</i>   | <i>6</i>  |
| <i>ITEM 10 –OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</i>                                      | <i>7</i>  |
| <i>ITEM 11 –CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL<br/>TRADING .....</i> | <i>7</i>  |
| <i>ITEM 12 –BROKERAGE PRACTICES .....</i>   | <i>8</i>  |
| <i>ITEM 13 –REVIEW OF ACCOUNTS .....</i>  | <i>10</i> |
| <i>ITEM 14 –CLIENT REFERRALS AND OTHER COMPENSATION .....</i>   | <i>10</i> |
| <i>ITEM 15 –CUSTODY.....</i>  | <i>11</i> |
| <i>ITEM 16 –INVESTMENT DISCRETION .....</i>   | <i>11</i> |
| <i>ITEM 17 – VOTING CLIENT SECURITIES .....</i>   | <i>11</i> |
| <i>ITEM 18 – FINANCIAL INFORMATION .....</i>  | <i>12</i> |
| <i>APPENDIX: ITEM 2 – MATERIAL CHANGES.....</i>   | <i>12</i> |

## *ITEM 4 – ADVISORY BUSINESS*

P.A.W. is an investment adviser with its principal place of business in Greenwich, Connecticut. P.A.W. is a Delaware limited partnership, which commenced operation in December 1990. Peter A. Wright is the founder and principal owner of the firm.

P.A.W. provides advisory services on a discretionary basis to clients, which include individuals and institutions with separately managed accounts and pooled investment vehicles (together, the "Funds") intended for sophisticated investors and institutional investors. In addition, it provides non-discretionary advisory services to an institutional client. P.A.W.'s investment objective is capital appreciation through investments in publicly-traded securities including common stocks and options.

Clients may not impose restrictions on investing in certain securities or types of securities.

As of December 31, 2011 P.A.W. had approximately \$240,000,000 of discretionary assets under management.

## *ITEM 5 – FEE AND COMPENSATION*

P.A.W. charges each Fund an annual management fee computed at an annual rate of up to 1.5% of the net assets of the each Fund. Management fees are charged each quarter in advance based on the net market value of the assets in the Fund (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. If a new client account is established during a quarter or a client makes an addition to its account during a quarter the management fee will be charged as of the effective date of the management agreement or the date of the additional contribution based on the value of the net assets as of the applicable date and will be prorated for the number of days remaining in the quarter. Investors who invested in a Fund prior to January 1, 2006 are subject to a management fee of 1%.

P.A.W. also charges a 20% performance-based allocation on the fiscal year's net profits of each Fund. However, no fees are charged when a fiscal year ends in a net loss. In addition, each investor in a Fund is allocated a loss carryforward balance, which must be offset by net profits in the following year(s) before an investor is subject to a performance-based allocation again.

The managed accounts to which P.A.W. provides investment advice may be charged investment management fees either quarterly or annually based on the total market value of the assets in a client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the last day of the quarter or year, as applicable, and may be charged performance-based fees.

Management fees are deducted from each account by instructing the administrator to the Funds or the custodian of the managed account to deduct the applicable fee.

In addition, P.A.W. is compensated for non-discretionary investment advice it provides to an institutional client as mutually agreed to by the parties based on a variety of factors. See Item 10.

Depending on specific circumstances, P.A.W.'s fees may be negotiable.

In addition to paying management fees and, if applicable, performance-based fees and allocations, client accounts will also be subject to other investment expenses such as custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees (including, investment advisory and other fees charged by investment advisers with, or funds in, which the client's account invests) associated with products or services that may be necessary or incidental to such investments or accounts. Please refer to Item 12 of this Firm Brochure for a discussion of P.A.W.'s brokerage practices.

## *ITEM 6 – PERFORMANCE-BASED FEE AND SIDE-by-SIDE MANAGEMENT*

P.A.W. and its investment personnel provide investment management services to multiple portfolios for multiple clients. As described in Item 5, P.A.W. is entitled to be paid performance-based compensation by the Funds and certain other client accounts. In addition, P.A.W.'s investment personnel are typically compensated on a basis that includes a performance-based component. P.A.W. and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are charged an asset-based fee, which is a non-performance-based fee. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When P.A.W. and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. While P.A.W. treats all clients fairly, P.A.W. and its investment personnel have a greater incentive to favor client accounts that pay P.A.W. (and indirectly the portfolio manager) performance-based compensation or higher fees.

P.A.W. has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. P.A.W. reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, P.A.W.'s procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size and require that, to the extent orders are aggregated, the client orders are price-averaged.

## *ITEM 7 –TYPES OF CLIENTS*

P.A.W. provides advisory services to individuals and institutions with separately managed accounts. the Funds, which are intended for sophisticated investors and institutional investors.

P.A.W. does not have any specific minimum investment amount requirements for opening or maintaining a separately managed account.

P.A.W.'s minimum investment in which there may be exceptions and other specific provisions for the Funds are disclosed in the Funds' respective offering memoranda.

## *ITEM 8 –METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS*

As mentioned in Item 4, P.A.W.'s investment objective is capital appreciation, investing primarily in publicly-traded securities including: (i) common stocks; (ii) preferred stocks; (iii) stock warrants and rights; (iv) bonds; (v) debentures; (vi) convertible securities; and (vii) other debt obligations. In addition, P.A.W. may invest in options to purchase and/or sell securities, options on stock market indices, and in futures, contracts and options. P.A.W. may also engage in short sales of securities.

P.A.W. analyzes a company's industry dynamics and company fundamentals and identifies generally accepted expectations regarding the company. P.A.W. then reviews the company's projected financial expectations against its current stock price to establish valuation criteria. Using these criteria, P.A.W. seeks to buy stocks with inexpensive valuations where its expectations are higher than average and short stocks with expensive valuations where its expectations are lower than average. This process is laden with assumptions and will be as strong as the validity of the assumptions. P.A.W.'s approach is to reduce the risk of erroneous assumptions by performing additional research. Specifically, P.A.W. seeks to gather information from competitors, suppliers and customers that helps the effectiveness of P.A.W.'s overall analysis.

Since the amount of capital to be managed by P.A.W. will be relatively small, P.A.W. believes that its clients will have investment opportunities in the less liquid parts of the markets since larger funds cannot make meaningful investments in such areas. P.A.W. believes that the advantage of these small capitalization stocks (under \$500 million) is that their potential may not be reflected in their stock prices as a consequence of limited research coverage or institutional ownership. P.A.W. believes that an additional advantage of P.A.W. managing a relatively small amount of capital is improved liquidity with respect to buying and selling stock, particularly the smaller capitalization stocks.

Small-Cap Securities. Investments in equity securities are inherently risky and the stock price volatility and general economic risks experienced by the small and medium-sized companies in which the fund typically invests are usually greater than those experienced by larger companies.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments.

For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Issuer-Specific Changes. Changes in the financial condition of an issuer or counterparty, changes in specific economic or political conditions that affect a particular type of security or issuer, and changes in general economic or political conditions can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's value. The value of securities of smaller, less well-known issuers can be more volatile than that of larger issuers. Smaller issuers can have more limited product lines, markets, or financial resources.

Lack of Diversification. Client accounts will not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if P.A.W. were required to maintain a wider diversification among types of securities and other instruments. Notwithstanding the foregoing, P.A.W. will not invest more than 10% of a client account's net assets (computed at the time the investment is made) in any one position.

Relative Value Risk. In the event that the perceived mispricings underlying P.A.W.'s relative value trading positions were to fail to converge toward, or were to diverge further from, relationships expected by P.A.W., client accounts may incur a loss.

Short Selling Risk. P.A.W.'s investment program includes a significant amount of short selling. Short selling transactions expose P.A.W. to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by P.A.W. 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 P.A.W. might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier. However, by being on both the long and short sides of the market, it is P.A.W.'s belief that risks relative to the market will be reduced.

Hedging. There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while P.A.W. 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 P.A.W.'s investment portfolios than if P.A.W. did not engage in any such hedging transactions.

## *ITEM 9 –DISCIPLINARY INFORMATION*

Prior to joining P.A.W. and in conjunction with his prior employment, Gerald T. Malone, an analyst of P.A.W., in April 2005, settled, without admitting or denying the allegations, an SEC administrative proceeding in which the SEC alleged that Mr. Malone, a former officer of Alliance Capital Management, L.P. ("Alliance Capital") and former portfolio manager of the Alliance Technology Mutual Fund and Alliance Technology Hedge Fund, aided and abetted Alliance Capital's violative conduct with regard to certain market timing transactions involving the Alliance Technology Mutual Fund.

Mr. Malone was suspended and prohibited for a period of 12 months (beginning April 28, 2005) from associating with and/or employment by any investment adviser or registered investment company and for three years (beginning April 28, 2005) prohibited from serving as a chairman, director, or officer of any investment adviser or registered investment company.

Mr. Malone was ordered to pay a civil penalty in the amount of \$150,000 and disgorgement in the amount of \$1 to the United States Treasury.

## *ITEM 10 –OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS*

P.A.W. currently shares office and server room space and certain administrative resources with Intrepid Capital Management, Inc. ("Intrepid") and provides Intrepid non-discretionary investment advice. Intrepid and its affiliates provide investment advisory services to private investment funds and/or certain other accounts. Intrepid may consult P.A.W. from time to time regarding positions in certain of its client accounts. P.A.W. has agreed with Intrepid on procedures to monitor and prevent the misuse by Intrepid and its employees of P.A.W.'s confidential information. P.A.W. is compensated for such services.

## *ITEM 11 –CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING*

P.A.W. believes that high ethical standards are essential to its success and to maintain the confidence of its clients. P.A.W. is of the view that its long-term business interests are best served by adherence to the principle that clients' interests come first. P.A.W. recognizes that certain conflicts of interests may arise in connection with the personal trading activities of individuals associated with P.A.W.

In recognition of P.A.W.'s fiduciary obligations to its clients, P.A.W. requires each of its employees with investment advisory functions ("Access Persons") to pre-clear securities transactions involving an initial public offering, limited offering or any security, with a market capitalization of under \$5 billion, that is held or may be purchased by the Funds. The Chief Compliance Officer will approve such pre-clearance requests only after careful consideration to the attendant conflicts of interests (if any) and determination of whether the investment is currently held or under consideration by the client.

P.A.W. will not, directly or indirectly, while acting as principal for its own account, knowingly sell any security to, or purchase any security from, a client and generally does not contemplate engaging in agency-cross transactions. Nevertheless, P.A.W. may from time to time have its clients engage in certain rebalancing transactions (i.e., buy securities from or sell securities to each other in simultaneous transactions designed to maintain the same pro rata ownership in each securities position).

P.A.W.'s related person acts as a general partner in a partnership in which P.A.W. solicits client investments. This practice creates a conflict of interest because P.A.W. has an incentive to buy securities from (or sell securities to) clients based on its own financial interests, rather than solely the interests of a client. P.A.W. addresses these conflicts of interest by excluding assets invested in such

investment companies from the asset base used for purposes of determining the amount of investment advisory fees payable to P.A.W.

In addition, P.A.W. or its related persons, in some instances, may invest in the same securities (or related securities, e.g., warrants, options or futures) that P.A.W. or a related person recommends to clients. Such practices present a conflict where, because of the information an adviser has, P.A.W. or its related person 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 P.A.W.'s or its related person's objectivity, these practices by P.A.W. or its related persons may also harm clients by adversely affecting the price at which the clients' trades are executed. In an effort to minimize such conflicts, P.A.W. will only permit its related persons to invest in the same securities that P.A.W. or a related person recommends to clients when the issuer of the securities has a market cap of \$5 billion or greater.

To the extent that P.A.W. or a related person or any of their employees own securities that P.A.W. or its related person also recommends to clients, such clients' proxies will be voted according to predetermined guidelines in general. Please refer to Item 17 for further information regarding P.A.W.'s proxy voting policy and procedures.

## *ITEM 12 –BROKERAGE PRACTICES*

P.A.W. recognizes its duty to obtain "best execution" for its investors. This means that in selecting brokers or dealers to execute transactions, P.A.W. attempts to ensure that the total cost or proceeds of any transaction for a Fund is the most favorable obtainable under the circumstances.

In selecting brokers and negotiating commission rates, P.A.W. will take into account:

- i. the execution capabilities required by the transactions;
- ii. the ability and willingness of the broker-dealer or bank to facilitate the portfolio transactions by accepting risk or creating liquidity for its own account;
- iii. the importance to the account of speed, efficiency, and confidentiality;
- iv. the familiarity of the broker-dealer or bank with sources from or to whom particular securities might be purchased or sold;
- v. the reputation and perceived soundness of the broker-dealer or bank; and
- vi. and any matters relevant to the selection of a broker-dealer or bank for portfolio transactions for any account.

P.A.W. may receive certain investment research products and or services which assist it in its decision-making process for its clients. This arrangement is known as a "soft-dollar" arrangement. P.A.W. will maintain its entire soft dollar arrangements within the parameters of the Section 28(e) of the Securities and Exchange Act of 1934, meaning that research services may include but are not limited to:

- i. Research reports (including market research);
- ii. Certain financial newsletters and trade journals intended to serve the interests of a narrow audience with specified interests rather than the general public;
- iii. Software providing analysis of securities portfolios;

- iv. Corporate governance research (including corporate governance analytics) and rating services;
- v. Attendance at certain seminars and conferences;
- vi. Discussions with research analysts;
- vii. Meetings with corporate executives;
- viii. Consultants' advice on portfolio strategy;
- ix. Data services (including services providing market data such as stock quotes, last sales prices and trading volumes; company financial data; and economic data such as unemployment and inflation rates or GDP figures);
- x. Advice from brokers on order execution; and
- xi. Certain proxy services.

Regarding other services, they may include but are not limited to:

- i. communication services related to the execution, clearing and settlement of securities transactions and functions incidental thereto, i.e., connectivity services between a manager and a broker-dealer and other relevant parties such as custodians;
- ii. trading software operated by a broker-dealer to route orders to market centers;
- iii. software that provides algorithmic trading strategies;
- iv. software used to transmit orders to direct market access systems;
- v. clearance and settlement in connection with a trade;
- vi. electronic communication of allocation instructions between institutions and broker-dealers;
- vii. routing settlement instructions to custodian banks and broker-dealers' clearing agents;
- viii. post trade matching of trade information; and
- ix. services required by the SEC or a SRO such as comparison services, electronic confirms or trade affirmations.

In addition, P.A.W. is conscientious of the current level of the charges of eligible broker-dealers and banks and to minimize the expense incurred for portfolio transactions to the extent consistent with the interests and policies of the client accounts.

The Chief Compliance Officer will periodically review any such soft dollar arrangements for accuracy and completeness to ensure that all brokerage activities are properly disclosed to clients.

P.A.W. may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, P.A.W. will not have to pay for the products and services itself. This creates an incentive for P.A.W. to select or recommend a broker-dealer based on its interest in receiving those products and services.

Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by P.A.W. in its other investment activities, including, for the benefit of other client accounts. P.A.W. seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

During P.A.W.'s last fiscal year, as a result of client brokerage commissions (or markups or markdowns), P.A.W. and/or its related persons acquired research, data feeds, exchange fees, financial publications and research consulting.

P.A.W. often purchases or sells the same security for more than one client at or near the same time and using the same executing broker. It is P.A.W.'s practice, where possible, to aggregate client orders for the purchase or sale of the same security at or near the same time for execution using the same executing broker. P.A.W. will also aggregate in the same transaction, the same securities for accounts where P.A.W. has brokerage discretion. Such aggregation may enable P.A.W. to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is completely filled, P.A.W. allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an aggregated order is only partially filled, P.A.W.'s procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

### *ITEM 13 – REVIEW OF ACCOUNTS*

P.A.W. advisors perform client account reviews regularly. Any unusual market events will trigger an immediate client account review.

In additions, investors in each Fund are offered access to P.A.W.'s secured client website to review their monthly capital balances. Each quarter, P.A.W. issues capital statements which are mailed to each Fund's investors. Annually the Funds are subject to audits conducted by their independent auditor. These statements are distributed along with investors' profit and loss tax statements. In addition, P.A.W.'s separately managed account clients will receive quarterly account statements from their respective custodians. See Item 15.

### *ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION*

As discussed in Item 12, P.A.W. may receive research or services from broker-dealers through a "soft-dollar" arrangement. Please see this item for full disclosure.

Other than broker-dealers, P.A.W. does not receive compensation from individuals or institutions.

P.A.W. does not compensate anyone who is not a supervised person for client referrals.

## *ITEM 15 –CUSTODY*

This item is not applicable.

## *ITEM 16 –INVESTMENT DISCRETION*

P.A.W. acts as an investment adviser on a discretionary basis to clients. Please see Item 4 for a description of any limitations clients may place on P.A.W.'s discretionary authority.

Prior to assuming full discretion in managing a client's assets, P.A.W. enters into an investment management agreement or other agreement that sets forth the scope of P.A.W.'s discretion.

Unless otherwise instructed or directed by a discretionary client, P.A.W. has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (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. P.A.W. may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is P.A.W.'s policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead P.A.W. to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

## *ITEM 17 – VOTING CLIENT SECURITIES*

P.A.W. understands and appreciates the importance of proxy voting and utilizes a third party service to help manage their proxy voting procedures. P.A.W., through this service, will manage the receipt of incoming proxies, maintain a log of all proxies, and place votes based on specified policies and guidelines as established by P.A.W. In the event that P.A.W. decides to exercise its discretion to vote a proxy, P.A.W. will vote any such proxies in the best interests of clients and in accordance with set compliance procedures which requires, among other things, a review and determination of whether there are any

conflicts of interest related to the proxy in question and whether such conflict is material. In all cases, P.A.W. acts in its clients' best interests.

Clients may request a copy of P.A.W.'s proxy voting policy and information about how P.A.W. voted by contacting Veronica Maguire (vmaguire@pawpartners.com or (203) 862-3388).

## *ITEM 18 – FINANCIAL INFORMATION*

P.A.W. has not been the subject of a bankruptcy petition at any time and is not aware of any financial conditions that would inhibit its ability to meet its contractual commitments to its clients.

## *APPENDIX: ITEM 2 – MATERIAL CHANGES*

This Item is not applicable.