

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. (“YCM”). 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”).

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.

THIS BROCHURE SHALL NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO PURCHASE ANY SECURITIES OR INVESTMENT ADVISORY SERVICES.

ITEM 2. MATERIAL CHANGES

The last annual update to YCM's Part 2a of Form ADV was March 28, 2013. A summary of the material changes since the last update of this Firm Brochure follows:

Item 4. YCM amended Item 4 to reflect that it is now registered as an investment adviser with the United States Securities and Exchange Commission. Assets under management were updated to \$165,863,700 as of July 1, 2013 from \$129,719,874 as of March 1, 2013.

Item 5. YCM amended Item 5 to clarify that in the event an investor makes a withdrawal or redemption from the Master Fund or Offshore Fund at a time when its investment is below its "high water mark" level, the level is ratably reduced to reflect such withdrawal or redemption.

Item 8. YCM amended Item 8 to provide additional disclosures related to certain investment risks and investment program risks.

Item 11. YCM amended Item 11 to update information related to its Code of Ethics. YCM updated its policies regarding personal trading, inside information, gifts and outside business activities and websites and social media.

Item 12. YCM deleted Interactive Brokers LLC as a prime broker.

Item 17. YCM amended its proxy voting policies to reflect that subject to certain limited circumstances, YCM will vote proxies along with management's recommendation(s). YCM also added language regarding the custodian's or prime broker's ability to rehypothecate securities and how that could potentially impact YCM's ability to vote those securities.

Item 19. YCM deleted Item 19 as it is no longer registered the Texas State Securities Board.

YCM will make a redline available to any person who wishes to see all changes made to the Part 2a of Form ADV dated March 28, 2013.

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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. YCM is currently registered as an investment adviser with the United States Securities and Exchange Commission.

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”). As the investment adviser of the Funds (as defined below), 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”, each a “Fund” and collectively, the “Funds”). 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 underperform 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 July 1, 2013, YCM managed \$165,863,700 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

Master Fund

As of the close of each fiscal year, a performance allocation is debited against the capital account of each limited partner of the Master Fund and simultaneously credited to the capital account of the General Partner. The performance allocation is equal to 20% of each limited partner's allocable share of net profits of the Master Fund for the fiscal year. The performance allocation is subject to a modified "high water mark" limitation. Thus, if a net loss occurs in a fiscal year that results in a limited partner's capital account balance at the end of such fiscal year being lower than such limited partner's capital account balance as of the close of the last year in which a performance allocation was made (or, if no such performance allocation has been made, the capital account balance at establishment), then the performance allocation shall be 10% of such capital account's allocable share of net profits, if any, until such time as the capital account increases by an amount equal to 250% of the losses incurred by such capital account. Thereafter, the performance allocation reverts to 20%. If a limited partner makes a withdrawal at a time when its capital account balance is below its "high water mark" level, the level is ratably reduced to reflect such withdrawal.

Offshore Fund

As of the close of each fiscal year, a performance allocation equal to (i) with respect to Class A shares, 15% of each shareholder's allocable share of net profits of the Master Fund for each fiscal year or (ii) with respect to Class B shares, 20% of each shareholder's allocable share of net profits of the Master Fund for each fiscal year, is debited against each Tracking Account and simultaneously credited to the capital account of the General Partner. The performance allocation is subject to a modified "high water mark" limitation. Thus, if a net loss occurs in a fiscal year that results in a shareholder's Tracking Account balance at the end of such fiscal year being less than the Tracking Account balance through the close of the last year in which a performance allocation was made (or, if no such performance allocation has been made, the Tracking Account balance at establishment), then any subsequent performance allocation shall be 10% of such Tracking Account's allocable share of net profits, if any, until such time

as the Tracking Account has been allocated subsequent net profits in an aggregate amount equal to 250% of the net losses allocated to such Tracking Account since the establishment of the existing high water mark. Thereafter, the performance allocation reverts to the applicable percentage (either 15% or 20%). If a shareholder redeems at a time when its Tracking Account balance is below its “high water mark” level, the level will be ratably reduced to reflect such redemption.

For either the Master Fund or the Offshore Fund, 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’s capital account or shareholder’s Tracking Account through the withdrawal date (but only with respect to the amount withdrawn on a pro rata basis in the event of a partial withdrawal).

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.

The General Partner and its affiliates are not subject to the management fee or the performance allocation but do share pro rata in all other applicable expenses.

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 are treated as if borne by the Tracking Account maintained with respect to 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/families, 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 -10% and 60% and gross exposure generally ranging between 50% and 200%. 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 at least 60% 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 200% to 250% in the Master Fund's long portfolio and 200% to 250% in the Master Fund's short portfolio over a twelve month period. Portfolio turnover rates may vary significantly over time from those stated above for various reasons including, but not limited to: a change of opinion about the Master Fund's investments, market volatility, subscriptions of new capital to the Master Fund and withdrawals of capital from the Master Fund. 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 or that core positions will be held for the expected time horizons mentioned above. 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 majority of the Master Fund's investments in small and mid-capitalization stocks. 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, assuming 25% average daily 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 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 at high rates of return 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 it believes 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, and is suitable only for persons or institutions of adequate financial means who have no need for liquidity in this investment. A Fund will make investments using strategies and financial techniques with significant risk characteristics. There can be no assurances or guarantees that: (i) the investment objectives of a Fund will be realized; (ii) a Fund's investment strategy will prove successful; or (iii) investors will not lose all or a portion of their investment in a Fund. 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 the below investment risks are fully explained, 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. Please refer to the offering documents of a Fund for a more complete disclosure of the investment risks of an investment in a Fund.

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

General Structure, Market, and Regulatory Risks

Limited Operating History. YCM and the Funds have a limited operating history for prospective investors to evaluate prior to making an investment in a Fund. The past performance of a Fund cannot be relied upon as an indicator of a Fund's future success.

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.

Master-Feeder Structure. The Master Fund may in the future undergo a restructuring, pursuant to which it would invest through a "master-feeder" structure. Although a common investment fund structure, the "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller feeder fund investing in the master fund may be materially affected by the actions of a larger feeder fund investing in the master fund. If a larger feeder fund withdraws from the master fund, the remaining feeder fund may experience higher pro rata operating expenses, thereby producing lower returns. The master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. As a matter of Cayman Islands law, a Cayman Islands exempted limited partnership serving as a master fund is not a legal entity. Legal proceedings by or against a master fund may be instituted by or against any one or more of the general partners only. Expenses or liabilities of a master fund (or its general partners) arising from any such suit would be borne by such master fund, and creditors of such master fund may enforce claims against all assets of such master fund. In addition, to the extent the

Master Fund's assets are invested in a master fund, certain conflicts of interest may exist due to different tax considerations applicable to the Master Fund and other feeder funds.

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. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Master Fund and other factors. Furthermore, the nature of the Master Fund's investments, especially those in financially distressed companies, may require a long holding period prior to profitability.

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

No Distributions. Since the Master Fund does not generally intend to pay distributions, an investment in a Fund is not suitable for investors seeking current distributions of income. Moreover, an investor is required to report and pay taxes on his allocable share of income from the Master Fund, even though no cash is distributed by the Master Fund.

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.

Industry Competition. The securities industry and the varied strategies and techniques to be engaged by YCM are extremely competitive and each involves a degree of risk. The Funds will compete with firms,

including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

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.

Third Party Information Risk. YCM selects investments for the Master Fund, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to YCM by the issuers or through sources other than the issuers. Although YCM evaluates all such information and data and ordinarily seeks independent corroboration when YCM considers it appropriate and when it is reasonably available, YCM is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Regulatory Oversight. While the Funds may be considered similar to an investment company, they are not required and do 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.

The General Partner and YCM are not currently registered and do not intend to register with the Commodity Futures Trading Commission ("CFTC") and National Futures Association as a "commodity pool operator" or "commodity trading advisor". The General Partner and YCM believe they are exempt from having to register as a commodity pool operator or commodity trading advisor with respect to the Funds. The Funds will not engage in futures transactions in the absence of CFTC registration or an appropriate exemption from registration.

Government Regulation. Interests or shares in the Funds have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions. In connection with a purchase of an interest or shares in a Fund, prospective investors must represent that they are purchasing the interest or shares for investment purposes only and not with a view toward resale or distribution. Neither the Funds, YCM nor the General Partner has any plans nor has assumed any obligation to register the interests or shares in a Fund.

Credit Market Illiquidity. Credit markets experienced an extended period of significant lack of liquidity beginning in 2007 and may experience such periods of significant lack of liquidity in the future. While lack of liquidity may create opportunities for the Master Fund to acquire assets at prices that YCM believes are attractive, it also creates a number of risks. There can be no assurances that an illiquid market will, in the future, become more liquid and such a market may well continue to be volatile for the

foreseeable future. It is also possible that illiquidity in the market could cause prices to decline further, which may force the Master Fund, to the extent it is leveraged, or other leveraged investment vehicles to sell assets to satisfy requirements under their borrowing arrangements or to meet margin calls, which could, in turn, create further downward price pressure. If there is a substantial decline in the market value of the Master Fund's portfolio of investments, investments may need to be liquidated quickly, and may not be liquidated at what YCM perceives to be fair value. Upheavals in the credit markets may cause margin borrowing costs and securities borrowing costs to increase or to make such arrangements unavailable. Such increases in borrowing costs may impact the Master Fund's ability to utilize leverage and generate returns.

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 Funds.

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 requiring greater regulation of the industry has been adopted by the U.S. Congress and the Securities and Exchange Commission, as well as the governing bodies of non-U.S. jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, 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 and the Offshore 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.

Side Letters. The General Partner of the Master Fund or the board of directors of the Offshore Fund may, from time to time, enter into so-called side letters or agreements concerning an investor's investment in a Fund. Such side letters may address various terms, including but not limited to, those involving fees, reporting, lock-ups, capacity and/or withdrawal rights and may result in an investor having rights that are superior in some respect to other investors in a Fund. The General Partner or YCM may, but is not required to, disclose the existence or terms of any such side letters or agreements to any other investor.

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.

Administrator. The Administrator will not provide any investment advisory or management service to the Funds and therefore will not be in any way responsible for the Funds' performance. The Administrator will not be responsible for monitoring any investment restrictions or compliance with the investment restrictions and therefore will not be liable for any breach thereof.

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.

Audit of Limited Partners' Returns. An audit of the Master Fund by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Master Fund and may result in an audit of the returns of some or all of the limited partners, which examination could affect items not related to a limited partner's investment in the Master Fund. If audit adjustments result in an increase in a limited partner's tax liability for any year, such limited partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Master Fund's tax returns will be borne by the Master Fund. The cost of any audit of a limited partner's tax return will be borne solely by that limited partner.

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. In order to satisfy its tax liability in such a case, an investor would need sufficient funds from sources other than the Master Fund.

Delayed Schedules K-1. The Master Fund will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Master Fund may be unable to provide final Schedules K-1 to investors for any given tax year until significantly after April 15 of the following year. The General Partner will endeavor to provide investors with estimates of the taxable income or loss allocated to their investment in the Master Fund on or before such date, but final Schedules K-1 may not be available until significantly after such date. Investors should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

Unrelated Business Taxable Income. The Master Fund may engage in activities that will give rise to unrelated business taxable income ("UBTI"). Because of the "flow-through" principles applicable to partnerships, if UBTI is earned by the Master Fund, a tax-exempt investor in the Master Fund will realize UBTI. Because of the General Partner's objective of maximizing the pre-tax returns of all the limited partners, the General Partner may be required to make certain decisions to maximize pre-tax returns that result in tax-exempt U.S. investors recognizing more UBTI than might otherwise be the case. In some cases, the General Partner may forego actions that would reduce UBTI because such actions would reduce the overall pre-tax returns to all the limited partners.

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.

ERISA Considerations. Certain prospective investors may be subject to federal and state laws, rules and regulations which may regulate their participation in a Fund, or their engaging directly, or indirectly through an investment in a Fund, in investment strategies which a Fund utilizes from time to time. Each type of exempt organization may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in a Fund.

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. The use of futures and options for purposes other than hedging is regarded as speculative. Certain regulatory requirements may also limit the Master Fund's ability to engage in futures and options transactions.

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, capital gains, 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 current market value.

Extraordinary Corporate Transactions. The Master Fund may employ a strategy, among others, that seeks to profit from changes in the price of securities of companies involved in extraordinary corporate transactions. The difference between the price paid by the Master Fund for securities of a company involved in an announced extraordinary corporate transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. Since the price bid for the securities of a company involved in an announced extraordinary corporate transaction will generally be at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps by more than the YCM's anticipated profit, even if the security's market price returns to a level comparable to that which exists prior to the announcement of the transaction.

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. Even if the transaction has been agreed upon by the management of the companies involved, its consummation may be prevented by the intervention of a government regulatory agency, litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices, and other circumstances,

including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements.

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. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, or specific developments within such companies. 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. There is a possibility that the Master Fund may incur substantial or total losses on its investments. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. In addition, it may be difficult to obtain information about financially troubled issuers and operationally troubled issuers.

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. For example, if YCM's evaluation of the anticipated outcome of a reorganization or the timing of such outcome should prove incorrect, the Master Fund could experience losses. A wide variety of considerations make any evaluation of the outcome of an investment in such a company uncertain. Such considerations include, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations that limit the access of YCM to reliable and timely information concerning material developments affecting a company or that cause lengthy delays in the completion of a reorganization or liquidation proceeding. Competition from other investors may also render it difficult or impossible for the Master Fund to achieve intended results or promptly effect transactions. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks.

Creditors Committees. Some of the investments the Master Fund will make may require active monitoring and representation on official and unofficial creditors committees for the company. Accordingly, the Master Fund may seek representation on such committees from time to time if YCM, in its discretion, determines that such representation is necessary or advisable to protect or further the Master Fund's interests. Serving on an official or unofficial committee increases the possibility that the Master Fund will be deemed an "insider" or a "fiduciary" of the company they have so assisted and may restrict the Master Fund's trading of their investments in such company. Should such assistance be provided

before a company enters bankruptcy proceedings, the Bankruptcy Court, under certain conditions such as a finding of fraud or inequitable conduct, may invoke the doctrine of “equitable subordination” with respect to any claim or equity interest held by the Master Fund in such company and subordinate any such claim or equity interest in whole or in part to other claims or equity interests in such company. Claims of equitable subordination may also arise outside of the context of the Master Fund’s managerial activities. In addition, if representation on a creditors committee of a company causes the Master Fund, the General Partner or YCM to be deemed an affiliate or related party of the company, the securities of such company held by the Master Fund may become restricted securities, which are not freely tradable. As the Master Fund will, to the extent permitted by applicable law (including without limitation, ERISA), indemnify the General Partner, YCM or any other person serving on a committee on their behalf for claims arising from their breaches of those obligations, indemnification payments could adversely affect the return on the Master Fund’s investment in a reorganization company.

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 four specific areas where employee conduct has the potential to adversely affect a client: personal securities trading; inside information; gifts and outside business activities and websites and social media. 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.

Personal securities trading

All employees are generally prohibited from trading Reportable Securities (as defined in the Code of Ethics, which includes but is not limited to: stocks, exchange traded funds, bonds and options) in personal accounts. Employees will be allowed: (i) to invest in private placements or other private investments; (ii) to trade Reportable Securities in personal accounts to hedge exposures resulting from private placements or other private investments; and (iii) to trade Reportable Securities to unwind a legacy position(s) held or a position(s) held prior to employment with YCM. Employees may request special permission to transact in Reportable Securities contrary to the above policy. Such request should be made in writing to the Chief Compliance Officer (“CCO”) and must be pre-approved by the CCO. All trades in Reportable Securities must be pre-approved by the CCO. Employees are prohibited from participating in IPOs in their personal accounts.

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.

Inside information

The code of ethics contains a policy regarding Company Inside Information and Firm Inside Information. Company Inside Information is material nonpublic information about the issuer of a security or the security itself. Firm Inside Information is information about decisions YCM is making or actively contemplating making about securities transactions and holdings.

If an employee believes he/she may have Company Inside Information, the following actions should be taken:

- a) The employee must report the matter immediately to the CCO, disclosing all information believed to be relevant;
- b) The employee must not buy or sell any security to which the information relates – for any personal accounts or for any Fund.
- c) The employee must not communicate the information to anyone within or outside YCM, other than the CCO or management. In addition, the employee must take care that the information is secure.

Neither YCM nor any employee may trade any security of an issuer while in possession of Company Inside Information.

If an employee believes he/she may have Firm Inside Information, the employee must not buy or sell any security to which the information relates for any personal accounts.

Gifts and outside business activities

Employees may not receive personal gifts that could induce them to take actions on behalf of a Fund for reasons other than a Fund's best interests. An employee must report promptly to the CCO any personal gift with an estimated value greater than \$300 presented to the employee by someone outside YCM.

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.

Websites and social media

Employees are prohibited from posting any messages or other commentary related to YCM or any Fund on any social media site. Social media sites include any website or message board (i.e. Yahoo Finance, www.sumzero.com, www.zerohedge.com, www.seekingalpha.com) and certain other social media sites like Facebook, Twitter, LinkedIn etc. Employees may only list YCM as their employer, their current title or such other "business card" information on social media sites.

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.

The General Partner and YCM expect to manage other client accounts, some of which may have objectives similar to those of the Funds, including other collective investment vehicles which may be managed by the General Partner and YCM or any of their affiliates and in which the General Partner and YCM or any of its affiliates may have an equity interest.

The governing documents of the Funds require that the General Partner and YCM act in a manner that they consider fair, reasonable and equitable in allocating investment opportunities to the Funds but do not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Funds or any restrictions on the nature or timing of investments for the accounts of the Funds and for the General Partner's and YCM's own account or for other accounts that the General Partner, YCM, or their affiliates may manage. The General Partner and YCM are not obligated to devote any specific amount of time to the affairs of the Funds, and are not required to accord exclusivity or priority to the Funds in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

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 generally not invest in Reportable Securities as described in "Code of Ethics" above.

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's accounts. 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. LLC or JPMorgan Chase Bank, N.A. (the "Prime Brokers") pursuant to the terms of clearing agreements with YCM or the Master Fund. 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, 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. YCM's prime brokers and executing brokers may from time-to-time make capital introductions. However, YCM does not have any formal arrangements, procedures or policies to direct trades to brokers in return for client or investor introductions or referrals. YCM executes transactions with a broker where an investor in the Offshore Fund is employed. 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, Senior Analyst and Analyst.

Reporting

The Funds have engaged an independent public accounting firm, Rothstein, Kass & Company, P.C., 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, Kaufman Rossin Fund Services, LLC, each month which shows capital activity, income (loss), management fees and a pro-forma calculation of any performance reallocation. Investors may contact YCM at any time to request information about a Fund's positions, performance or request other information related to a Fund.

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 each Fund, 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.

The custodian or prime broker of an account held by a client or a Fund may loan securities owned by YCM clients or Funds to a third party in accordance with its agreement with the client or Fund. If a client or Fund has a margin balance with a custodian or prime broker, the custodian or prime broker may be eligible to rehypothecate a certain amount of long positions in accordance with rules provided by the SEC. If a long position is rehypothecated over record date, YCM may not be eligible vote those

securities. If YCM is lending fully paid long securities, it may not be able to vote those securities unless the securities are recalled prior to the record date.

Subject to certain limited circumstances, YCM will vote proxies along with management's recommendation(s). In situations where YCM does not wish to vote along with management's recommendations(s), the portfolio manager or analyst will instruct the Chief Compliance Officer as to how to vote the proxy or to abstain from voting the proxy. In the event that a client's or Fund's portfolio has a long position and a short position in the same security, YCM will generally abstain from voting a proxy related to the long position.

The Chief Compliance Officer will monitor the potential for material conflicts of interest relating to any proxies voted by YCM.

In the event of a material conflict of interest, the CCO and the portfolio manager will determine how the proxy should be voted. The Firm may consult an independent third party to assist in resolving conflicts of interest.

This summary of YCM's proxy voting policies and procedures is qualified in its entirety by YCM's proxy 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 proxy 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.