

*Item 1: Cover Page*

**TIBURON CAPITAL MANAGEMENT, LLC**  
**PART 2A OF FORM ADV: FIRM BROCHURE**

**Tiburon Capital Management, LLC**  
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**New York, NY 10022**

**[www.tiburonholdings.net](http://www.tiburonholdings.net)**

**January 24, 2013**

**This brochure provides information about the qualifications and business practices of Tiburon Capital Management, LLC (“TCM” or the “Firm”). If you have any questions about the contents of this brochure, please contact Marc Hardy, Tiburon’s Chief Compliance Officer at (404) 883-2527 or [Marc.Hardy@egrayco.com](mailto:Marc.Hardy@egrayco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Any reference to TCM as a registered investment adviser does not imply a certain level of skill or training.**

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

## ***Item 2: Material Changes***

The last annual update of the Firm's disclosure brochure was on March 29, 2012. Since that time, we have made the following material changes to the Firm's brochure:

- The Firm has appointed a new President and Chief Executive Officer, Laurence Gray.
- The Firm has appointed a new Chief Compliance Officer and Chief Financial Officer, Marc Hardy.
- The Firm has appointed a new Chief Administrative Officer, Yolanda Foreman.
- The Firm has appointed a new Chief Operating Officer, Robert Hubbard.
- The Firm has appointed a new Chief Investment Officer, Peter Lupoff. Mr. Lupoff had previously been the Firm's Managing Member and Chief Executive Officer.
- The Firm's holding company, Tiburon Holdings, LLC, was recently acquired by Gray Financial Group, Inc., a Georgia corporation and SEC registered investment adviser doing business as Gray & Co, Gray & Company, and GrayCo Global Advisors (all Gray & Co. companies and affiliates to be collectively referred to as "**Gray**"). Please see Gray's Form ADV for additional information regarding its business. In connection with the acquisition, we have appointed new officers employed by Gray, including a new Chief Compliance Officer, Marc Hardy. More information regarding the Firm's new officers is set forth herein as well as on Schedule A/C of the Firm's Form ADV Part 1A.

The foregoing list is solely a summary of the material changes that have been made to this brochure and does not summarize all changes that have been made to this brochure since March 29, 2012.

You may request a copy of the Firm's complete brochure by contacting Marc Hardy, Chief Compliance Officer at (404) 883-2527 or via email at [Marc.Hardy@egrayco.com](mailto:Marc.Hardy@egrayco.com). The Firm will provide its Advisory Clients and the Fund's investors with its most recent brochure at any time without charge.

Additional information about TCM and Gray is available via the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with TCM who are registered as investment adviser representatives of TCM.

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#### ***Item 4: Advisory Business***

##### **Item 4.A.**

Tiburon Capital Management, LLC (“**TCM**” or the “**Firm**”), a Delaware limited liability company, was formed in November 2009 by Peter M. Lupoff, who is currently the Firm’s Chief Investment Officer. The firm is wholly-owned by Tiburon Holdings, LLC. Effective as of October 31, 2012, Tiburon Holdings, LLC, was acquired by Gray Financial Group, Inc., a Georgia corporation and SEC registered investment adviser doing business as Gray & Company and GrayCo Global Advisors (all Gray & Co. companies and affiliates to be collectively referred to as “**Gray**”). As a result of this acquisition, TCM now operates as a subsidiary of Gray. Gray is owned and controlled by Lawrence O. Gray. Please see Gray’s Form ADV, which is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), for additional information regarding its business.

##### **Item 4.B.**

TCM is an investment management firm that provides discretionary investment management and advisory services to investment companies registered under the Investment Company Act of 1940, as amended organized as fund-of-funds (“**RICs**”) and TCM affiliated privately offered pooled investment vehicles exempt from registration under the Investment Company Act of 1940, as amended (“**the Company Act**”) pursuant to Section 3(c)(7) of the Company Act. TCM serves as sub-adviser to the Firm’s RIC clients on a separately managed account basis (each, a “**Separate Account**”). TCM also serves as investment adviser to the Firm’s affiliated privately offered pooled investment vehicles, a domestic feeder fund, Tiburon Credit Opportunities Fund, LP, a Delaware limited partnership, (“**TCOP**”) and an offshore feeder fund, Tiburon Credit Opportunities Offshore Fund, Ltd., a Cayman Islands exempted company, (“**TCOP Offshore**”), which are operated in a master-feeder structure (the “**Funds**,” together with the Separate Accounts, the “**Advisory Clients**”). Tiburon Credit Opportunities Master Fund, Ltd., a Cayman Islands exempted company, (“**TCOP Master**”) is the master fund in the master-feeder structure.

TCM’s investment objective is to seek consistent, absolute returns which are generally intended to have limited correlation to the general debt and equity markets. TCM focuses on investments in the securities of distressed, stressed and/or out-of-favor companies and special situations - all opportunities where a corporate, legal, regulatory, or other event could lead to a revaluation of certain securities and/or loans of an entity. TCM seeks to profit from the often significant market inefficiencies surrounding market events such as bankruptcies, defaults, liquidations, restructurings, recapitalizations, asset sales, spin-offs and lawsuits. Please see Item 8 (Methods of Analysis, Investment Strategies, and Risk of Loss) for more information.

##### **Item 4.C.**

The Firm’s investment management and advisory services to the Funds are provided pursuant to the terms of the relevant management agreement and in accordance with the offering memorandum and investors in the Funds’ cannot obtain services tailored to their individual specific needs. Shares or limited partnership interests in the Funds are not registered under the

U.S. Securities Act of 1933, as amended, and, as stated above, the Funds are not registered under the Company Act. Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

TCM also provides investment sub-advisory services to the Firm's RICs through the Separate Accounts. Such services are tailored based on the specific needs of each Separate Account client. The customized services offered to each Separate Account client are based upon the investment objective, return expectations, tolerance for risk and volatility, and the need for liquidity of each specific client.

TCM generally has the authority to select which and how many securities and other instruments to buy or sell without consultation with the Advisory Clients or their investors, as applicable.

#### **Item 4.D.**

TCM does not participate in a wrap fee program.

#### **Item 4.E.**

As of December 18, 2012, TCM manages approximately \$39,000,000 in Advisory Client assets on a discretionary basis. TCM does not manage any Advisory Client assets on a non-discretionary basis.

### ***Item 5: Fees and Compensation***

#### **Item 5.A.**

In general, the fees for both the Funds and for the Separate Accounts are non-negotiable.

TCM is entitled to a monthly management fee from TCOP equal to 0.1667% (2.0% per annum) for of each investor's capital account. TCM will also receive a monthly management fee from TCOP Offshore of 0.1667% (2.0% per annum) of the net asset value of each class of shares. TCM and its affiliates reserve the right to waive or reduce management fees for certain Fund investors as may be determined in TCM's sole discretion.

As also discussed in response to Item 6 below, TCM also receives a performance allocation (through the Tiburon Capital GP Partners LLC (the "**General Partner**")) from TCOP equal to 20% of the net income allocated to each investor for the year, but only to the extent net income allocated to that investor exceeds any cumulative losses that were allocated to such investor for earlier periods and that have not been recovered (a "**high water mark**"). This high water mark allocation is typically made at the end of each calendar year. TCM also receives an incentive allocation from TCOP Offshore equal to 20% of the realized and unrealized profits for each series of shares generally for each calendar year, calculated and paid annually in a manner

similar to the allocation described above for TCOP. For a description of the fees and expenses borne by each Fund, please see the applicable Fund's offering memorandum.

For each Separate Account, TCM generally receives monthly management fees from the RIC's primary adviser equal to 1% of the RIC's average daily net allocated assets, which is paid by the RIC's primary adviser from the advisory fee it receives from the applicable RIC.

**Item 5.B.**

The Firm deducts management fees (if any) and expenses from Advisory Client accounts.

**Item 5.C:**

The Funds bear their own expenses (and, through their investment in the Master Fund, their pro rata portions of the expenses of the Master Fund), including, but not limited to, investment related expenses such as the Funds' pro-rata share of the brokerage commissions, research expenses and interest on margin accounts and other indebtedness, custodial fees, bank service fees, withholding and transfer fees, taxes, systems and technology expenses, corporate licensing fees, legal and auditing expenses, accounting, fund administration, outsourced risk management advisory and software, outsourced compliance advisor(s), investment related consultants whether research related or not, investment related travel costs, expenses incurred with respect to the preparation, duplication and distribution to Investors and prospective Investors of the Funds' offering documents, annual reports and other financial information, any other services or service provider expenses deemed necessary by TCM on behalf of the Funds.

Each Separate Account client will generally be responsible for all expenses incurred in connection with the transactions effected or positions held on behalf of such Separate Account pursuant to its separate sub-advisory agreement with TCM. Such expenses include, without limitation, custodial fees, bank service fees, brokerage commissions, clearing and settlement fees, interest and withholding or transfer taxes incorrect in connection with trading for the managed account, and the Firm's management fee described above.

**Item 5.D.**

The Firm's management fees may be calculated and paid in advance depending on the terms of the Advisory Client's agreement with TCM. If fees are paid in advance, the Firm generally prorates the fees and reimburses the Advisory Client for partial periods based on the number of days in the period the Firm actually managed the Advisory Client's assets.

**Item 5.E.**

Not Applicable. TCM or its supervised persons are not compensated for the sale of securities or other investment products, and mutual funds.

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

As described above, TCM or its affiliates receive performance-based compensation in the form of performance fees, the calculation of which is based on realized and unrealized gains on Fund investments. No performance fees are charged by TCM to the Separate Accounts. The Firm's performance-based compensation may create an incentive for TCM to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement. Additionally, other conflicts of interest may arise, including that TCM may have an incentive to favor accounts that are subject to performance-based compensation over those that are not.

It is TCM's policy to allocate investment opportunities among all clients on a fair and equitable basis over time. TCM has adopted a trade allocation policy that it believes will realize that objective and mitigate the conflicts of interest discussed above.

### ***Item 7: Types of Clients***

TCM provides discretionary investment management and advisory services to the Funds directly, subject to the direction and control of the General Partner or Board of Directors and investment team of the applicable Fund, and not individually to the applicable Fund's investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum investment for a Fund investor is outlined in the Fund's governing documents; however TCM maintains discretion to accept less than the minimum investment threshold subject to applicable law. Investors will be required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, investors will be required to make certain representations when investing in either Fund, including, but not limited to representation that: (i) they are acquiring an interest for their own account, (ii) they received or had access to information they deem relevant to evaluate the merits and risks of the prospective investment and, (iii) they have the ability to bear the economic risk of an investment in the applicable Fund(s). Details concerning applicable investor suitability criteria are set forth in the respective Fund governing documents and subscription materials, which are furnished to each Fund investor. Prospective Fund investors are encouraged to thoroughly review such materials.

The Funds may enter into separate agreements, commonly referred to as "side letters", or other similar agreements with a particular investor in connection with its admission to the Fund without the approval of any other investor, which would have the effect of establishing rights under or supplementing the terms of the applicable Fund's governing documents with respect to such investor in a manner more favorable to such investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement may include, without limitation: (i) reporting obligations, (ii) waiver of certain confidentiality obligations, (iii)

“most favored nation” provisions or (iv) rights or terms requested or necessary in light of particular investment, legal, regulatory or public policy characteristics of an investor.

TCM also provides sub-advisory services on a discretionary basis to RICs on a separately managed account basis pursuant to sub-advisory agreements with the RIC’s primary adviser. Investors in the RICs are subject to the eligibility criteria, withdrawal requirements and limitations set forth in the respective RIC offering documents. Prospective RIC investors are encouraged to thoroughly review the RICs’ offering documents and any other materials provided by the RIC’s sponsor.

In the future TCM may provide advisory services to additional clients on a separately managed account basis, which clients may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, trusts, estates or charitable organizations, and corporate or business entities.

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

### **Item 8.A.**

Investing in securities involves risk of loss that Advisory Clients and their investors, as applicable, should be prepared to bear.

This list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with TCM. Prospective Investors should read the Firm’s entire Form ADV (both Parts 1 and 2), as well as the relevant Fund’s offering documents, or other materials that may be provided by TCM and consult with their own advisers before deciding to invest. The following risks and strategies are subject to the specific limitations set forth in such documents and as otherwise required by law.

*Distressed/Stressed and/or Out-of-Favor Companies.* TCM invests in the securities of distressed/stressed and/or out-of-favor companies. TCM views the broader “Distressed” universe as a continuum with companies in financial crisis (“**Stressed**”) due to lack of access to capital, facing default, lawsuits, etc., that either recover due to asset sales or new capital, or file for bankruptcy (“**Distressed**”) to deal with the financial crisis. In addition, “Out-of-Favor” companies are often those that have emerged from bankruptcy, and whose securities trade cheaply, in part due to lack of traditional sell-side coverage. As a result, a trade may be put on when a company is “Stressed,” which company may later be better classified as “Distressed,” upon a bankruptcy filing, and “Out-of-Favor” as and when a bankruptcy reorganization plan is confirmed, and the company emerges from bankruptcy.

*Special Situations.* TCM invests in special situations. Special situations may include, but are not limited to, investment in public or private securities and obligations of companies involved in spin-offs, divestitures and/or other asset sales, legal disputes and regulatory actions. TCM will employ the same research-intensive, fundamental analysis to make security selection in special situations. Further, TCM’s broad contact base and knowledge of capital markets, with prudent



risk management, allows TCM to probability-weight outcomes and invest in such special situations accordingly.

Special situations will routinely have a revaluation catalyst, which is likely to cause a step-function revaluation of securities in which TCM holds a long or short position. Such revaluation catalysts are multi-various, and can include: a bankruptcy, restructuring, recapitalization, liquidation, carve-out, spin-off, merger, acquisition, product launch, product failure, litigation that can be won or lost, etc.

*Capital Structure Arbitrage.* TCM will also engage in modified capital structure arbitrage which consists of the purchase of securities of an issuer coupled with the sale of other securities of the same issuer to take advantage of attractive price disparities and/or otherwise to hedge certain of its exposure given that particular issuer's financial situation. TCM will seek to evaluate the terms and structure of an issuer's debt and equity securities relative to each other and to the issuer's business risk as well as an expected revaluation event. TCM will generally seek capital structure arbitrage situations in which a revaluation catalyst is anticipated in the short to medium term. In addition, TCM may be net long or net short.

*Leverage.* TCM has the power to borrow and may do so when deemed appropriate, including enhancing the Advisory Clients' returns and meeting redemptions that would otherwise result in the premature liquidation of investments. TCM may utilize leverage, including: (i) by borrowing money against the long positions (margin debt) in order to purchase additional long positions; and (ii) by borrowing securities in connection with short positions.

*Risk Management and Diversification.* TCM's commitment to risk management is significant and it will employ a disciplined approach to managing risk. TCM focuses on security selection in an attempt to mitigate risk. Although the Advisory Clients (other than the RICs) are expected to not have fixed diversification requirements, TCM seeks to mitigate security selection risk by hedging, position and industry size limits, loss limit strategies and other risk management considerations.

TCM may make investments in "macro" instruments, such as foreign currencies, physical commodities or sovereign fixed-income securities. It may also invest excess Advisory Client funds in short-term investments, including U.S. Government securities, money market funds, commercial paper, certificates of deposit and bankers' acceptances. At times, the Advisory Clients may maintain higher levels of cash and cash equivalents than are necessary to meet short-term cash needs, and may invest in longer-term debt instruments. TCM may also utilize foreign currency instruments, typically to hedge foreign currency exposures resulting from their investment in the securities of non-U.S. companies.

Other than with respect to the RICs, TCM is not limited with respect to the types of investment strategies it may employ, the markets or instruments in which it may invest or the percentage of the Advisory Clients' capital that may be invested in a single security. TCM, on behalf of the Advisory Clients, may also enter into joint venture arrangements, co-invest with third parties or otherwise participate in pooled investment vehicles with others. Depending on conditions and

trends in securities markets and the economy generally, TCM may pursue other objectives or employ other techniques it considers appropriate and in the best interests of the Advisory Clients.

### **Item 8.B and Item 8.C.**

*Risks Associated with Investments in Distressed Securities.* TCM invests in “below investment grade” securities and obligations of domestic and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Some of these securities may not be publicly traded, and it therefore may be difficult to obtain information as to the true condition of such issuers. Additionally, in certain periods, there may be little or no liquidity in markets for these securities. Such investments also may be affected adversely by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims.

*Bank Loans.* TCM’s investment program may include investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Advisory Clients to directly enforce their rights with respect to participations.

*Bankruptcy Claims.* TCM may invest in bankruptcy claims which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by U.S. federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

*Risks Associated with Bankruptcy Cases.* Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Advisory Clients. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Advisory Clients; it is subject to unpredictable and lengthy delays; and during the process the company’s competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and

may be required to liquidate assets. Such investments can result in a total loss of principal. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. TCM, on behalf of the Advisory Clients, may elect to serve, directly or through an affiliate, on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Advisory Clients' position as creditors or equity holders. In addition, a portion of the Clients' assets will be invested in securities and loans with limited liquidity. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If TCM concludes that its obligations owed to the other parties as a committee or group member materially conflict with its duties owed to the Advisory Clients, it may resign from that committee or group, and the Advisory Clients may not realize the benefits, if any, of participation on the committee or group. In addition, if the Advisory Clients are represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group.

*Loans of Portfolio Securities.* TCM may lend the Advisory Clients' portfolio securities. In the event of the bankruptcy of the other party to a securities loan, the TCM could experience delays in recovering the securities lent. To the extent that the value of the securities the Advisory Clients lent has increased, the Clients could experience a loss if such securities are not recovered.

*Non-Performing Nature of Debt.* It is anticipated that certain debt instruments purchased by TCM for the Advisory Clients will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

*Equitable Subordination.* Under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination").

*Investing in High Yield Securities.* TCM may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, TCM will invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of

certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing.

*Credit Default Swaps.* TCM may invest in credit default swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. In essence, an institution can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Market curve, among other factors. As such, there are many factors upon which market participants may have divergent views. TCM may also enter into credit default swap transactions, even if the credit outlook is positive, if it believes that participants in the marketplace have incorrectly valued the components which determine the value of a swap.

*Convertible Securities.* Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Advisory Clients is called for redemption, the Advisory Clients will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on the Advisory Clients' ability to achieve their investment objective.

*Commodities and Derivative Investments.* The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them.

*Highly Volatile Markets.* The prices of financial instruments in which TCM may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Advisory Clients' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Advisory Clients are subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

*Use of Leverage and Financing.* TCM may leverage the Advisory Clients' capital because the use of leverage may enable the Advisory Clients to achieve a higher rate of return. Accordingly, TCM may pledge Advisory Clients' securities in order to borrow additional funds for investment purposes. Any event which adversely affects the value of an investment by the Advisory Clients would be magnified to the extent the Advisory Clients are leveraged. The cumulative effect of the use of leverage by the Advisory Clients in a market that moves adversely to the Advisory Clients' investments could result in a substantial loss to the Advisory Clients which would be greater than if the Advisory Clients were not leveraged.

*Hedging Transactions.* TCM is not required to attempt to hedge portfolio positions in the Advisory Clients and, for various reasons, may determine not to do so. Furthermore, TCM may not anticipate a particular risk so as to hedge against it. While TCM may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Advisory Clients than if it had not engaged in any such hedging transactions. For a variety of reasons, TCM may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Advisory Clients from achieving the intended hedge or expose the Advisory Clients to risk of loss.

*Derivatives and Hedging.* TCM may invest and trade in a variety of derivative instruments, both to hedge the Advisory Clients' portfolios and for profit. Derivatives are financial instruments or arrangements in which the risk and return are related to changes in the value of other assets, reference rates or indices. The Advisory Clients' ability to profit or avoid risk through investment or trading in derivatives will depend on TCM's ability to anticipate changes in the underlying assets, reference rates or indices.

*Short Selling.* Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Advisory Clients of buying those securities to cover the short position. There can be no assurance that TCM will be able to maintain the ability to borrow securities sold short. In such cases, the Advisory Clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Forward Trading.* Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted

prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by TCM due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which TCM would otherwise recommend, to the possible detriment of the Advisory Clients. Market illiquidity or disruption could result in major losses to the Advisory Clients.

*Limited Diversification.* TCM's investments are primarily focused geographically in North American countries. Furthermore, broad diversification of investments in number or by industry or geography is not a primary investment objective of TCM. At any given time, it is therefore possible that TCM may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose the Advisory Clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

*Non-U.S. Securities.* Investments in securities of non-U.S. issuers (including non-U.S. governments) pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

*Emerging Markets.* In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. Furthermore, the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some of non-U.S. securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and therefore potentially carry greater risk. As a result, the Advisory Clients may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets, and lack of enforcement of existing regulations.

*Illiquid Investments.* TCM may invest in securities, bank debt and other claims, and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily

ascertainable, and TCM may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. TCM may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

*Counterparty Risk.* Advisory Clients are also exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing the client to suffer a loss. Such “counterparty risk” is accentuated where client accounts have concentrated transactions with a single counterparty or small group of counterparties. The lack of a complete and “foolproof” way to evaluate the financial capabilities of the clients’ counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Advisory Clients.

Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges.

*Conflicts of Interest.* Potential conflicts of interest may arise between TCM and its affiliates, on the one hand, and its clients on the other. TCM and its affiliates may manage several Funds and Separate Accounts with objectives that are similar or overlapping. In addition, TCM and its affiliates may in the future manage or sponsor other investment funds or investment vehicles with objectives that may differ from the current Funds and Separate Accounts. Other conflicts of interest may arise with respect to (i) the compensation paid to TCM and its affiliates by clients, (ii) the allocation of time and resources by TCM and its affiliates and their employees among the Funds, the separately managed accounts, and to other business, (iii) the allocation of investment opportunities among the Funds and Separate Accounts, and (iv) valuation of assets.

*Fund Structure Risk.* There are certain risks associated with the structure and terms of the Funds. All business and investment decisions on behalf of the Funds are made by TCM. The Funds’ investors will have no authority to make decisions or to exercise business discretion on behalf of the Funds. In addition, investors in the Funds will not generally receive information relating to the Funds’ portfolio investments, measurements of risk or values related thereto. Each Fund may pursue any of the investment strategies set forth in its respective offering memorandum and may, as it deems appropriate, modify the investment objectives and strategies and may also formulate new approaches to carrying out the overall investment objectives and strategies set forth in such offering memorandum.

An investment in the Funds is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investments. Such an investment provides limited liquidity

because interests in the Funds are not freely transferable, and investors are subject to significant limitations on the right to withdraw capital or redeem shares. Furthermore, a significant withdrawal of capital or redemption of shares from the Funds may adversely affect remaining investors.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN TCM'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS.

***Item 9: Disciplinary Information***

Not Applicable.

***Item 10: Other Financial Industry Activities and Affiliations***

**Item 10.A.**

Not Applicable. TCM is currently not applying to register as a broker-dealer and does not intend to.

**Item 10.B.**

Not Applicable. TCM, or any of its management persons, is not applying to register with the National Futures Association and does not intend to.

**Item 10.C.**

As discussed in response to Item 4.A. above, TCM is wholly-owned by Tiburon Holdings, LLC. In October 2012, Tiburon Holdings, LLC, was acquired by Gray Financial Group, Inc., a Georgia corporation and SEC registered investment adviser doing business as Gray & Co, Gray & Company and GrayCo Global Advisors (“**Gray**”). As a result, TCM now operates as a subsidiary of Gray. Gray is owned and controlled by Lawrence O. Gray. Please see Gray’s Form ADV for additional information regarding its business.

Tiburon Capital GP Partners LLC is an affiliate of the Firm and serves as the general partner to TCOP.

Peter Lupoff, the Firm’s Chief Investment Officer, and Laurence O. Gray, the Firm’s President and Chief Executive Officer, currently serve as directors to TCOP Offshore and TCOP Master.

**Item 10.D.**

Not Applicable.



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

**Item 11.A.**

Employees of TCM may only purchase and sell securities in accordance with the Firm's Code of Ethics to which all employees are subject. This policy is monitored by the Firm's Chief Compliance Officer. Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following points:

- A statement of the standard of business conduct.
- Limits on gifts and entertainment.
- Employees must receive approval from the Chief Compliance Officer prior to executing any securities transaction in their personal accounts.
- An employee cannot directly or indirectly purchase or sell (long or short) for any personal account any shares of a security that the employee knows is currently held, will be, or currently is being, recommended by TCM for purchase or sale or is being purchased or sold for the account of any client.
- An employee cannot knowingly purchase or sell for any personal account any security, directly or indirectly, in such a way as to adversely affect a client's transactions.
- Employees must pre-clear all private placements and Initial Public Offerings in their personal accounts.
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics.
- Employees avoid engaging in activities that could present a conflict of interest between the interests of the Firm or its Fund's investors and are responsible for reporting any potential conflicts of interest to the Chief Compliance Officer.
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of TCM's Code of Ethics is available to Advisory Clients or Fund investors and prospective Advisory Clients or Fund investors upon written request to: Marc Hardy, Chief Compliance Officer, Tiburon Capital Management, LLC, 527 Madison Avenue, 6th Floor, New York, NY 10022.

**Item 11.B.**

Not Applicable. TCM does not engage in principal transactions.

**Item 11.C and Item 11.D.**

The following description of conflicts of interest does not purport to be a complete list of potential conflicts. Other present and future activities of TCM and its affiliates may give rise to

additional conflicts of interest. If a conflict of interest arises, TCM will attempt to resolve such conflicts in a fair and equitable manner.

TCM will use its best efforts in connection with the purposes and objectives of the Advisory Clients and will devote as much of its time and effort to the affairs of the Advisory Clients as they deem necessary and appropriate to accomplish the purposes of the Advisory Clients. Under the terms of the documents governing TCM's relationships with its Advisory Clients', TCM and its directors, members, partners, shareholders, officers, employees, agents and affiliates (hereinafter referred to as the "**Affiliated Parties**") may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Advisory Clients. Without limiting the generality of the foregoing, the Affiliated Parties may act as investment adviser or investment manager for others, may manage funds, separate accounts or capital for others and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Advisory Clients and other entities, in allocating investments among the Advisory Clients and other entities and in effecting transactions for the Advisory Clients and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

TCM and/or the Affiliated Parties may from time to time invest in the Funds. TCM and/or the Affiliated Parties may also personally buy or sell the same instruments that TCM buys or sells for Advisory Client accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Advisory Client accounts. TCM's policy as to such transactions is that neither TCM nor any of the Affiliated Parties are to benefit from price movements that may be caused by transactions for Advisory Client accounts or otherwise because of TCM's recommendations regarding a particular security.

*Investment Opportunities.* Neither TCM nor the Affiliated Parties is obligated to make any particular investment opportunity available to the Advisory Clients and may take advantage of any opportunity, either for other accounts TCM manages or for themselves.

*Allocations.* The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Advisory Clients. To the extent a particular investment is suitable for both the Advisory Clients and other clients of the Affiliated Parties, such investments may be allocated between the Advisory Clients and the other clients in some manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Advisory Clients. When it is determined that it would be appropriate for the Advisory Clients and one or more other investment accounts managed by TCM or its affiliates to participate in an investment opportunity, TCM will seek to execute orders for all of the participating investment accounts, including the Advisory Clients, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Advisory Clients and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of

more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which TCM or its affiliates consider equitable.

*Cross-Transactions.* Situations may arise where certain assets held by one or more Funds and Separate Accounts managed by TCM may be transferred to other Funds and Separate Accounts managed by TCM, including for the purpose of rebalancing the portfolios of such funds and investment accounts. Such transactions will be conducted in accordance with, and subject to, TCM's fiduciary obligations to the Advisory Clients. TCM is authorized to select one or more persons, not affiliated with TCM, to serve on a committee, the purpose of which will be to consider and, on behalf of the Investors, approve or disapprove, to the extent required by applicable law, principal transactions and certain other related party transactions.

TCM may (but is not obligated to) cause accounts it manages (including the Funds in which TCM and/or one or more of its related persons has an ownership interest) to effect "cross" transactions with other accounts, subject to applicable law or regulation. It may do so when it believes those transactions will be beneficial to both parties. TCM causes these transactions to be executed at current market prices through independent brokerage firms, which may result in parties to these transactions incurring additional transaction charges.

*Calculation of NAV.* TCM has the responsibility for calculating the beginning net asset value of the Funds' capital accounts, upon which its management fee is based.

*Fees to Third Parties.* TCM or its affiliates may pay a fee representing a portion of the management fee, incentive fee or incentive allocation to third parties for soliciting investors in the Advisory Clients. Such fee will be paid out of TCM's revenues from the Advisory Clients, and will not result in an increase in expenses paid by the Advisory Clients over the amount that would be paid to TCM in the absence of such fee.

*Soft Dollars.* The use of brokerage commissions to obtain research services creates a conflict of interest between TCM and the Advisory Clients. This may result in the Advisory Clients paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that TCM is able to acquire these products and services without expending its own resources or at reduced prices, TCM's use of "soft dollars" would tend to increase its profitability. In addition, the availability of these non-monetary benefits may influence TCM to select one broker rather than another to perform services for the Advisory Clients.

## ***Item 12: Brokerage Practices***

### ***Item 12.A.1.***

TCM may allocate transactions to broker-dealers for execution on markets/exchanges and at prices and commission rates that, in the Firm's good faith judgment, are in the best interest of its clients. TCM takes into consideration primarily available prices, brokerage commission rates,

and other relevant factors including, but not limited to, execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security. Research furnished by brokers may include, but is not limited to: research reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment and other computer hardware for use in running software used in investment decision making; and other products or services that may enhance the Firm's investment decision making.

Some of these services are considered part of a "soft dollar" arrangement, and it is TCM's policy to use commission dollars generated by client trades to pay for research and brokerage services that provide lawful and appropriate assistance to TCM in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended.

#### **Item 12.A.2.**

TCM does not participate in selecting or recommending broker-dealers in exchange for client referrals.

#### **Item 12.A.3.**

Directed brokerage is not applicable to TCM.

#### **Item 12.B.**

In general, TCM makes investment decisions independently for each Advisory Client account, or group of Advisory Client accounts with a similar investment objective and in accordance to the specific and individual needs and objectives of each Advisory Client accounts or group of Advisory Client accounts. It is TCM's policy when trading for a group of accounts to aggregate trades in a block trade in order to reduce transaction costs and to ensure equitable price across the Advisory Client accounts.

Each trade is allocated at the time of order and generally allocated pro rata; however, percentage allocation formulas can be used in place of pro rata allocation. Advisory Client accounts that participate in a block trade will be allocated based on the same pro rata percentage that was used for the allocation to ensure trades are allocated in a fair and equitable manner.

### ***Item 13: Review of Accounts***

#### **Item 13.A. and 13.B.**

Peter Lupoff, the Firm's Chief Investment Officer, and staff review all Advisory Client accounts on a daily basis to determine conformity with risk parameters, investment objectives, and guidelines. Asset allocation, cash management, market prospects and individual issue prospects are considered. Particular attention is given to changes in company earnings, industry and company outlook, market outlook and price level.

#### **Item 13.C.**

TCM's administrator sends out monthly statements to investors in each Fund reflecting performance review for the year through the most recently ended quarter, together with TCM's view of the current investment outlook. TCM will issues a monthly Funds letter and individual investment memos (if requested). TCM may afford Fund investors additional transparency upon request.

Separate Account clients will receive periodic reports as set forth in their respective sub-advisory agreements.

#### ***Item 14: Client Referrals and Other Compensation***

##### **Item 14.A.**

See Item 12.A. for details concerning soft dollar benefits.

##### **Item 14.B.**

Not Applicable. TCM currently does not retain third-party marketers or solicitors.

#### ***Item 15: Custody***

TCM has retained, on behalf of the Funds, a qualified custodian and in order to ensure compliance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. The investors of the Funds receive monthly statements from the administrator.

Audited financial statements of the Funds are distributed to the Fund investors by BDO Seidman LLP (the "**Auditor**") within 120 days of the fiscal year-end. Each Fund is audited annually by an independent certified public accounting firm that is both registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board. Financial statements of the Fund are prepared in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**"). These reports are in written form and Fund investors should carefully review those statements.

For Separate Accounts, TCM does not have custody since it does not have the authority to hold, directly or indirectly, Separate Account client funds or securities nor has the authority to obtain possession of them. TCM's Separate Account clients receive account statements directly from

their qualified custodian, who maintains their assets, in addition to receiving a statement from TCM. TCM encourages Separate Account Clients to compare the account statement received from its custodian to the report received from TCM to ensure transactions are properly recorded.

#### ***Item 16: Investment Discretion***

TCM has full discretion to manage securities accounts on behalf of its Advisory Clients. This authority is granted pursuant to an investment management agreement between TCM and the Funds and a sub-advisory agreement between TCM and the RICs' primary adviser(s).

Advisory Clients may impose contractual restrictions and/or limitations on the Firm's discretionary authority. With respect to the Funds, TCM is also required to adhere to the investment limitations and restrictions set forth in each Fund's offering documents. With respect to the RICs, TCM is also required to adhere to the investment limitations and restrictions set forth in each RIC's registration statement.

#### ***Item 17: Voting Client Securities***

As a matter of policy and as a fiduciary to its Advisory Clients, TCM is responsible for voting proxies for portfolio securities consistent with the best economic interests of its clients. TCM understands and appreciates the importance of proxy voting. The Firm will vote all proxies in the best interests of its clients and investors (as applicable) and in accordance with the procedures outlined below (as applicable), unless otherwise mandated by an investment management agreement or applicable law (e.g. ERISA).

- TCM follows the policy that it generally is willing to vote with management on matters of a routine administrative nature.
- With regard to special interest proposals, TCM is generally opposed to such proposals if they involve an economic cost to the company or restrict management's freedom to operate in the best interests of its shareholders, impede the liquidity of TCM's Funds' investments or preclude prospective events the Firm reasonably believes to be prospective. Conversely, should proposals hasten or enhance potential returns and/or liquidity, the Firm is likely to vote in favor.
- Prior to voting any proxies, TCM carefully considers all matters which may have a potential major impact on the company, and it will generally vote against management on proposals that have the potential for a major adverse economic impact on the long-term value of the company's shares. Examples of issues that TCM feels may have a major impact on the company include, but are not limited to: (i) executive compensation plans, (ii) defensive strategies such as staggered boards and "poison pills," and, (iii) business combinations or restructurings, among other things.
- Where a proxy proposal raises a material conflict between TCM's interests and the interests of the Advisory Client, TCM will seek to resolve the conflict.

Advisory Clients that wish to obtain a record of the Firm's proxy voting policy or proxy voting history may contact Marc Hardy, Chief Compliance Officer, Tiburon Capital Management, LLC, 527 Madison Avenue, 6th Floor, New York, NY 10022.

***Item 18: Financial Information***

**Item 18.A.**

Not Applicable.

**Item 18.B.**

There are no conditions that impair the Firm's ability to meet its contractual and fiduciary commitments to its Advisory Clients.

**Item 18.C.**

Not Applicable. The Firm has not been subject to a bankruptcy petition, past or pending.

***Item 19: Requirements for State Registered Advisers***

Not Applicable.