

PART 2A OF FORM ADV: THE BROCHURE

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This brochure provides information about the qualifications and business practices of Scout Capital Management, L.L.C. (also referred to as “Scout”). If you have any questions about the contents of this brochure, please contact us at legal@scoutcap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Additional information about Scout is also available on the SEC’s website at: www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This brochure includes no material changes since the prior brochure dated February 13, 2012. Scout has, however, updated various sections of the brochure. Please review this brochure carefully and in its entirety.

Scout may from time to time in the future provide additional ongoing disclosure information about material changes as warranted.

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ITEM 4 – ADVISORY BUSINESS

Scout is a Delaware limited liability company that was founded in July 1999 by James Crichton and Adam Weiss. Mr. Crichton and Mr. Weiss are the Co-Managing Members and Co-Portfolio Managers of Scout and each owns 50% of Scout. Messrs. Crichton and Weiss are the only principal owners of Scout.

Scout provides investment advisory services to private investment funds, the securities of which are offered to investors on a private placement basis. In particular, Scout provides investment advisory services to the “Core Funds”, which include Scout Capital Partners II, L.P., Scout Capital Fund, Ltd., and Scout Capital Master Fund, Ltd., and the “Long Term Funds”, which include Scout Capital Long Term, L.P., Scout Capital Long Term, Ltd., and Scout Capital Long Term Master, Ltd. The Core Funds and the Long Term Funds are collectively referred to herein as the “Scout Funds” or the “Funds.” From the Funds listed above, the “U.S. Funds” include Scout Capital Partners II, L.P. and Scout Capital Long Term, L.P., and the “Offshore Funds” include Scout Capital Fund, Ltd., Scout Capital Master Fund, Ltd., Scout Capital Long Term, Ltd., and Scout Capital Long Term Master, Ltd. Scout may serve as investment adviser for other entities or accounts in the future.

Scout has broad and flexible investment parameters, but its primary method is to invest in equity securities, and opportunistically in credit instruments and securities, that it believes to be misunderstood by the market. Scout’s investments may at any time include, but are not limited to, U.S. or non-U.S., long or short positions in publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps (including credit default swaps), currencies, options (purchased or written), futures contracts, commodities and forward contracts, derivative instruments in relation to one or more of the foregoing, partnership interests and other securities or financial instruments including those of investment companies. Scout can from time to time take large positions, which can result in high concentrations in client accounts.

Scout’s advice with respect to the Scout Funds is subject to their investment programs, which vary, among other things, due to investment restrictions, tax status and related considerations, types of investors and lock-up and notice periods. The investment mandate and restrictions for each Scout Fund are set forth in its respective constituent documents. Persons reviewing this brochure should not construe this as an offering of any of the Scout Funds described herein, which offering will only be made pursuant to the delivery of a private placement memorandum describing the risk factors, conflicts of interest, investment objectives and other important features of such Scout Fund.

This brochure generally includes information about Scout and its relationships with the Scout Funds. While much of this brochure applies to all such Funds, certain information included herein applies only to specific Scout Funds.

As of December 31, 2012, Scout manages approximately \$5,144,391,000 in client assets on a discretionary basis. Scout does not manage client assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Management Fees and Incentive Allocation

The fees applicable to each of the Scout Funds vary by Fund and are set forth in detail in each of the Fund's respective constituent documents.

1. Core Funds

Management Fee

Management fees charged to the Core Funds are charged as a percentage of assets under management equal to 1.5% per annum, and are payable and deducted from the assets of the Core Funds quarterly in advance. In the event of a distribution or withdrawal prior to the end of a quarter, Scout will reimburse to the respective Core Fund a *pro rata* share of the management fee charged with respect to the distributed or withdrawn amount.

Incentive Allocation

Incentive allocations are generally accrued monthly and charged at the end of the fiscal year or upon withdrawal of capital in an amount equal to 20% of the net profit and loss, including unrealized gains. The incentive allocations are deducted directly from the Core Funds' assets.

2. Long Term Funds

Management Fee

Management fees charged to the Long Term Funds are charged as a percentage of assets under management at a rate of between 1%-1.5% per annum depending on the specific share class, and are payable and deducted from the assets of the Long Term Funds quarterly in advance. In the event of a distribution or withdrawal prior to the end of a quarter, Scout will reimburse to the respective Scout Fund a *pro rata* share of the management fee charged with respect to the distributed or withdrawn amount.

Incentive Allocation

Incentive allocations are generally accrued monthly and charged at the end of the applicable lock-up period or upon withdrawal of capital at a rate of between 10%-15% of the net profit and loss, including unrealized gains, depending on the specific share class. The incentive allocations are deducted directly from the Long Term Funds' assets.

The management fees and incentive allocations paid to Scout or Scout Capital, L.L.C., an affiliate of Scout that serves as the general partner of the U.S. Funds, by the Funds are not the

product of an arm's length negotiation with any independent third party. Scout, or in the case of the Offshore Funds, such Funds' board of directors may, however, in its discretion, elect to waive or reduce incentive allocations and/or management fees for certain investors that are employees of Scout and for certain other investors.

Additional Fees and Expenses

Each of the Funds pays its own brokerage commissions and other transaction costs. Neither Scout nor any of its affiliates will receive any commissions generated by a Fund's trading activities, however, Scout and its affiliates may benefit indirectly from payments made by a Fund (including payments by way of "soft dollars") as described in greater detail in Item 12 of this brochure.

To the extent permitted under the Scout Funds' constituent documents, the Funds are also obligated to pay for the following expenses:

- legal, audit and accounting expenses;
- organizational expenses;
- investment-related expenses;
- expenses related to risk management of the Funds' portfolios;
- research related fees and expenses, including without limitation, quotation equipment and services;
- interest on margin accounts and other indebtedness;
- borrowing charges on securities sold short;
- custodial fees;
- insurance expenses;
- administrator fees; and
- any other reasonable expenses related to the purchase, sale or transmittal of Fund assets.

The Funds may invest in exchange traded funds ("ETFs"). When investing in ETFs, the Funds will bear a proportionate share of the fees and expenses incurred by the ETFs in which the Funds are invested. Such fees are in addition to any fees charged by the Funds to investors.

Early Redemption/Withdrawal Fees

The Core Funds permit investors to withdraw capital during applicable lock-up periods subject to a fee equal to 5% of the amount being withdrawn, which fee will be withheld for the benefit of the relevant Fund. Specific details regarding early withdrawal fees, if applicable, can be found in the constituent documents for the relevant Fund.

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

Scout charges performance-based fees to the Funds in accordance with Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and Rule 205-3 thereunder. From time to time, Scout may, due to a high watermark, charge only management fees and not performance fees. In such situations (or when certain Funds pay a smaller performance fee or allocation due to the existence of differing fee schedules, a high watermark or otherwise), there can be an incentive for Scout to favor those Funds that pay performance allocations (or higher performance allocations), for example, through its allocation of investment opportunities. To seek to mitigate this inherent conflict of interest, Scout has implemented allocation policies and procedures (discussed more fully in Item 11) that seek to ensure that investments are allocated among the Scout Funds on a fair and equitable basis.

Clients should also be aware that the receipt of performance based compensation may create an incentive for Scout to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. Scout’s employees’ and affiliates’ significant investments in the Funds mitigates this risk by aligning the interests of the investors of the Scout Funds with the interests of Scout’s employees and affiliates. In addition, the performance fees are calculated on a basis which includes unrealized appreciation generated by the Funds, which may create an incentive for Scout to over value unrealized positions. To resolve and mitigate this potential conflict, Scout has constituted a valuation committee to value its non-exchange traded positions.

ITEM 7 – TYPES OF CLIENTS

Scout provides investment advice to the Scout Funds, as described in Item 4. The investors in the Scout Funds may include high net-worth individuals, endowments, foundations, corporate and public pension plans, fund-of-funds, corporations, state, local and foreign governments and charitable organizations, among other categories of investors.

The constituent documents for each Scout Fund set \$1,000,000 as the minimum amount for investment by prospective investors. Scout has waived, and reserves the right to modify or waive, the minimum new investment commitments for the Scout Funds from time to time. Minimum investment amounts for future investment funds or client accounts, if any, will be determined on a case by case basis.

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

Methods of Analysis

Scout generally makes capital allocation decisions based on “bottom-up” fundamental research. It generally focuses on opportunities within certain business models or industries in which it believes it maintains some specialized knowledge. With respect to geography, Scout will consider nearly any domicile or market; however, considerations such as rule of law, governance, government stability and other factors may rule out certain markets in the absence of strong company-specific dynamics to the contrary. Scout maintains a flexible approach with regard to determining “net exposure,” shifting the net exposure depending on the relative attractiveness of long versus short opportunities in the market. In general, Scout seeks to maintain a net long bias.

Investment Strategies

Scout’s investment objective is to maximize risk adjusted returns over the long-term, primarily through investments in equity securities and opportunistically in credit instruments and securities. The Funds’ investments may at any time include, but are not limited to, U.S. or non-U.S., long or short positions in publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, fixed income securities, swaps (including credit default swaps), currencies, options (purchased or written), futures contracts, commodities and forward contracts, derivative instruments in relation to one or more of the foregoing, fund interests and other securities or financial instruments including those of investment companies. Scout sometimes takes large positions, which can result in highly concentrated client portfolios.

The investment strategies Scout pursues are speculative and entail substantial risks, including those listed below. Accordingly, such activities could result in a substantial loss of capital that clients should be prepared to bear. There can be no assurance that the investment objectives of any Scout Fund will be achieved.

Investment Risks

The following risk factors do not purport to be a complete list or explanation of the risks involved with the activities of Scout and the Scout Funds. These risk factors include only risks Scout believes to be material, significant, or unusual based on currently available information. The risks set forth below do not address material, significant, or unusual risks associated with other factors, including, without limitation certain instrument types, structural risks and certain market risks.

Investment and Trading Risks. Scout has broad and flexible investment authority and is subject to neither formal diversification policies limiting the Funds’ portfolio investments nor to formal leverage policies limiting the leverage to be used by the Funds. Scout may utilize such leverage,

position size, duration and other portfolio management techniques as it believes appropriate for the Funds.

All investments risk the loss of capital. No guarantee or representation is made that Scout's investment program will be successful. There can also be no assurance that the Scout Funds' returns will not be correlated with a traditional portfolio of stocks and bonds. Scout's investment program may utilize such investment techniques as option transactions, margin transactions, short sales, limited diversification, leverage, swaps, futures, credit derivatives and forward contracts, which practices can, in certain circumstances, increase the adverse impact to which the Scout Funds' portfolios may be subject.

Scout's methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

General Market Conditions. The success of Scout's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Scout Funds' investments), trade barriers, currency exchange controls, as well as national and international political circumstances (including wars, terrorist acts or security operations), and the occurrence of various events (including hurricanes, earthquakes and other natural disasters). These factors may affect the level and volatility of securities prices and the liquidity of the Scout Funds' investments. Volatility and/or illiquidity could impair the Scout Funds' profitability or result in losses. The Scout Funds could incur material losses even if Scout and its affiliates react quickly to difficult market conditions, and there can be no assurance that the Scout Funds will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Investors should realize that markets for the financial instruments in which the Scout Funds seek to invest can correlate strongly with each other at times or in ways that are difficult for Scout and its affiliates to predict. Even a well-analyzed approach may not protect the Scout Funds from significant losses under certain market conditions.

Market Risks. The success of the Funds' investment programs depends to a great extent on Scout's ability to assess correctly the future course of price movements of stocks, bonds, commodities and foreign currencies. There can be no assurance that Scout will accurately predict these movements. Illiquid markets and investments could also make it impossible for Scout to realize profits or limit losses. A failure to accurately predict market movements may adversely affect Scout's ability to execute trade orders at desired prices.

Concentration of Investments. The Funds' portfolios, at times, may be concentrated. In addition, it is possible that Scout may select investments that are concentrated in a limited number or type of financial instruments or assets. In addition, although Scout intends to invest in a variety of securities and industries, the investments may be highly concentrated in particular companies, industries or countries. Such concentration of risk may increase the losses suffered by the Funds or reduce their ability to hedge their exposure and to dispose of depreciating assets. Limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial

instruments or assets. As a consequence, the Funds' returns as a whole may be adversely affected by the unfavorable performance of even a single investment.

Equity Securities. The Scout Funds' investment portfolios include equity and equity-related securities. The value of these securities generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from Scout's expectations or if equity markets generally move in a single direction and Scout has not hedged against such a general move. When investing in equity derivatives, the Scout Funds are also exposed to risks that issuers or counterparties will not fulfill their contractual obligations to the Funds.

Hedging Transactions. Scout may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Scout Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) protect the unrealized gains in the value of the Scout Funds' investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Scout Funds' portfolio, (v) hedge the interest rate or currency exchange rate on any of the Scout Funds' liabilities or assets, (vi) protect against any increase in the price of any securities the Scout Funds anticipate purchasing at a later date or (vii) for any other reason that Scout deems appropriate.

The success of Scout's hedging strategy will depend, in part, upon the ability of Scout and its affiliates to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of Scout's hedging strategy will also be subject to the ability of Scout and its affiliates to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Scout Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Scout Funds than if they had not engaged in such hedging transactions. For a variety of reasons, Scout and its affiliates may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Scout Funds from achieving the intended hedge or expose the Funds to risk of loss. Scout may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high or the magnitude of the risk to be sufficiently large as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk.

Short Sales. The Scout Funds' investment program may include short selling. Short sales may be made, for example, if Scout believes the securities or instruments are overpriced relative to their intrinsic or fundamental value or to other securities or indices that may provide a hedge, or are expected to depreciate in value due to a catalyzing event or change in circumstances. In addition, short positions may be taken if, in the view of Scout, such positions will reduce the risk inherent in taking long positions. An uncovered short sale creates the risk of a substantial and theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Scout Funds of buying those securities to cover the short position. The prospective gain on a short sale, on the other hand, generally is limited to the proceeds of the sale. There can be no assurance that the Scout Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Scout Funds could be

“bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There can also be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

The rules affecting short sales in the U.S. and other jurisdictions are constantly evolving in ways that have restricted or may restrict the ability of the Scout Funds to engage in short-selling. It is impossible to predict what, if any, changes to the rules affecting short sales may occur in the future, but any new regulation could have a materially adverse impact on the ability of the Funds to achieve their investment strategy.

Derivatives. The Scout Funds may invest in derivative instruments, or “derivatives”, including options, total return swaps, credit default swaps, including CDS contracts and indices and other derivatives thereon, 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. The prices of, or payments pursuant to, swaps and other derivative instruments entered into by the Scout Funds may be highly volatile and are influenced by, among other things, interest rates, taxes, changing supply and demand relationships, policies of governments, and national and international political and economic events.

Derivatives typically allow the Scout Funds to hedge or speculate on the price movements of a particular security, financial benchmark, currency, index or commodity at a fraction of the cost of investing in the underlying asset. There is no assurance that derivatives that the Scout Funds wish to acquire will be available at any particular time, on satisfactory terms or at all. 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 Scout Funds to the possibility of a loss exceeding the original amount invested. In addition, in swap transactions, because the Scout Funds will not have a contractual relationship with the issuer of the underlying reference obligation, the Scout Funds will generally not have the benefit of voting rights or the collateral supporting the reference obligation and the liquidity of the swap may be constrained in certain cases pursuant to contract and the swap counterparty’s ability and willingness to novate, close or otherwise modify the trade.

Options. A Scout Fund may incur risks associated with the sale and purchase of call and put options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. The Scout Funds do not generally sell uncovered call options, which could expose the Funds to a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying

security if the market price falls below the exercise price of the option. The Scout Funds do not generally sell uncovered put options, whereby the seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. Over-the-counter options may also expose the Scout Funds to counterparty risk.

Forward Trading. The Scout Funds may enter into forward contracts and options thereon, which are not traded on exchanges. Such contracts may be primarily forward interest rate or currency hedging contracts. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. 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 forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which Scout would otherwise recommend, to the possible detriment of the Scout Funds. Market illiquidity or disruption could result in significant losses. Because the Scout Funds may be required to deposit margin with their counterparties to trade forwards, the Scout Funds are subject to the risk of counterparty failure or the inability of, or refusal by, a counterparty to perform with respect to such contracts.

Futures. The Scout Funds may invest in futures positions. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Scout from promptly liquidating unfavorable positions and subject the Scout Funds to substantial losses. In addition, Scout may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the U.S. Commodity Futures Trading Commission (“CFTC”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Debt Securities. The Scout Funds may invest in U.S. and non-U.S. private, public and government debt securities and instruments, including without limitation, “higher yielding” (and, therefore, generally higher risk) debt securities, syndicated bank loans and other subordinate debt obligations. Such securities and instruments may be unrated or below “investment grade” and face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer’s inability to meet timely interest and principal payments. Such securities are generally not exchange traded and trade in the over-the-counter market, which is generally less transparent and may have wider bid/ask spreads than the exchange traded marketplace. Such instruments are dependent on the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for

most of these securities and could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

The fixed-income securities in which the Scout Funds may invest are generally interest rate sensitive. An increase in interest rates will generally reduce the value of fixed-income securities, while a decline in interest rates will generally increase the value of fixed-income securities. The performance of the Scout Funds may therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilize appropriate strategies to maximize returns, while attempting to minimize the associated risks to investment capital.

Trade Execution Risk. The Funds' investment strategies and trading strategies depend on their ability to establish and maintain an overall market position in a combination of financial instruments selected by Scout. The Funds' trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to the Funds, Scout, the Funds' counterparties, brokers, dealers, agents or other service providers. In such event, the Funds might only be able to acquire or dispose of some, but not all, of the components of such position, or if the overall position were to need adjustment, the Funds might not be able to make such adjustment. As a result, the Funds would not be able to achieve the market position selected by Scout, which may result in a loss.

Position Limits. "Position limits" imposed by various regulators may also limit the Funds' ability to effect desired trades. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a particular financial instrument. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. Thus, even if a Fund does not intend to exceed applicable position limits, it is possible that different accounts managed by Scout may be aggregated. If at any time positions managed by Scout were to exceed applicable position limits, Scout may be required to liquidate positions, which might include positions of the Funds, to the extent necessary to come within those limits. Further, to avoid exceeding the position limits, the Funds might have to forego or modify certain of their contemplated trades.

Leverage and Borrowing Risks. The Scout Funds have the power to borrow funds and may do so when deemed appropriate by Scout. Borrowings by the Scout Funds may be secured by assets of the relevant Fund. The cumulative effect of the use of leverage by the Scout Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if the Scout Funds were not leveraged. Leverage may be achieved through, among other methods, direct borrowing, purchases of securities on margin and the use of options, futures, forward contracts, and swaps.

The use of margin and short-term borrowings creates several risks for the Scout Funds. If the value of a Fund's securities falls below the margin level required by a counterparty, additional margin deposits would be required. If such Fund is unable to satisfy any collateral call by a counterparty, then the counterparty could liquidate such Fund's position in some or all of the financial instruments that are in the Fund's accounts at the counterparty and cause the Fund to incur significant losses. Furthermore, secured counterparties such as the Scout Funds' prime broker may have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the relevant Fund. This could increase exposure to the risk of a counterparty default since, under such circumstances; the relevant Scout Fund may be unable to recover the

posted collateral promptly or may be unable to recover all of the posted collateral. The occurrence of defaults may trigger cross-defaults under such Fund's agreements with other brokers, lenders, clearing firms or other counterparties, creating or increasing a material adverse effect on the performance of the relevant Fund.

The purchase of options, futures, forward contracts, certain credit default swaps and equity swaps generally involves little or no margin deposit and, therefore, can provide substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Scout Funds.

Non-U.S. Investments. Scout may invest in securities of non-U.S. corporations and non-U.S. countries. Investing in the securities of companies (and, from time to time, governments) of non-U.S. countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions that might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. In addition, there may be less publicly available information about issuers in non-U.S. countries which are generally not subject to uniform accounting, auditing and financial reporting standards and other disclosure requirements comparable to those applicable to U.S. issuers. Furthermore, some of the securities may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Interest, dividends, capital gains or other income received, or gross sale or distribution proceeds received, by the Scout Funds from sources within some countries may be reduced by withholding and other taxes imposed by such countries. While Scout will take these factors into consideration in making investment decisions for the Scout Funds, no assurance can be given that Scout will be able to fully avoid these risks.

Additional costs could be incurred in connection with the Scout Funds' international investment activities. Non-U.S. brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when the Scout Funds change investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may also be associated with the maintenance of assets in non-U.S. jurisdictions.

Risks of Participation in the Affairs of Companies. Scout may directly or indirectly substantially participate in or influence the conduct of affairs or management of issuers of securities acquired by the Scout Funds. Officers, employees or designees of Scout may serve as directors of, or in a similar capacity with, companies in which the Scout Funds invest. The Funds will indemnify Scout and its designees for claims arising from such board representation. Scout will attempt to balance the advantages and disadvantages arising of such representation to the Funds when deciding whether and how to exercise rights with respect to such companies, but the exercise of such rights could produce adverse consequences in particular situations.

Special Situations. The Scout Funds may invest in companies involved in (or that are the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar circumstances. In any investment

opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which is less than the purchase price of the original security or other financial instrument. Similarly, if an anticipated transaction or reorganization does not in fact occur, the Scout Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving companies in which the Scout Funds may invest, the Scout Funds face the possibility of substantial losses.

Necessity for Counterparty Trading Relationships; Counterparty Risk. The Scout Funds have established and expect to continue to establish relationships to obtain financing, derivative exposure and prime brokerage services that permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Scout Funds will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Funds' trading activities, could create losses, preclude the Funds from engaging in certain transactions, financing, derivative transactions and prime brokerage services and prevent the Funds from trading at optimal rates and terms.

Some of the markets in which the Funds may effect their transactions are "over-the-counter" or "inter-dealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This exposes the Funds to the risk that a counterparty will not settle a transaction due to a credit or liquidity problem, thus causing the Funds to suffer a loss. Delays in settlement may also result from disputes over the terms of the contract (whether or not *bona fide*) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants in "exchange-based" markets. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single counterparty or small group of counterparties. With respect to their over-the-counter derivative trading, Scout seeks to mitigate some of the Funds' counterparty risk through the use of bilateral credit support annexes, which enable the Funds to reduce their exposure to the credit risk of a counterparty by calling collateral on an on-going basis in the event that market movements favor the Funds. Notwithstanding Scout's attempts to mitigate counterparty risks, there is a risk that any of the Funds' counterparties could become insolvent and/or the subject of insolvency proceedings. If such an event were to occur with respect to a counterparty subject to the laws and regulations of the United States, there exists the risk that the recovery of the Funds' securities and other assets from their respective prime brokers or broker-dealers would be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Scout Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets.

Counterparty and credit 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, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Scout Funds interact on a daily basis.

Regulation of Over-the-Counter Transactions. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) will require that a substantial portion of derivatives that are currently executed on a bilateral basis in the over-the-counter markets be executed in regulated markets and submitted for clearing to regulated clearinghouses. Over-the-counter trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC or CFTC mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared over-the-counter derivatives.

Such requirements may make it more difficult and costly for investment funds, including the Scout Funds, to enter into highly tailored or customized transactions, and such transactions will likely be less liquid and less common. They may also render certain strategies in which the Scout Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. As an alternative to hedging their positions with customized positions, the Scout Funds may use standardized derivatives which may be a less optimal hedge.

Although standardized clearing for derivatives is intended to reduce risk, it does not necessarily eliminate risk. Rather, standardized clearing transfers risk of default from the over-the-counter derivatives dealer to the central clearinghouse, which may increase systemic risk, potentially more so than a failure by one of its members. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default, worsening the crisis.

In parallel with the Dodd-Frank Act and other U.S. initiatives, steps are also being taken to regulate over-the-counter derivatives in the European Union. European Union Regulation No. 648/2012 (also known as the European Market Infrastructure Regulation or “EMIR”), which came into force on August 16, 2012, requires certain “eligible” over-the-counter derivative contracts to be submitted for clearing to regulated central clearing counterparties and mandates the reporting of certain details of over-the-counter derivative contracts to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational counterparty credit risk in respect of over-the-counter derivative contracts not subject to mandatory clearing. These requirements are likely to include the posting and segregation of collateral. Many provisions of EMIR require the adoption of delegated acts by the European Commission before becoming fully effective, not all of which had been proposed or finalized by the date of this brochure. Accordingly, it is difficult to predict the precise impact of EMIR on the Scout Funds. Regulatory changes arising from EMIR may in due course adversely affect the counterparties with which the Scout Funds transact or the Scout Funds’ ability to achieve their investment objectives.

Currency Risk. The Scout Funds may invest a portion of their assets in the securities of non-U.S. issuers and other instruments denominated in non-U.S. currencies, the prices of which are

determined with reference to currencies other than the U.S. dollar. The Scout Funds, however, value their securities and other assets in U.S. dollars. The Scout Funds may seek to hedge their non-U.S. currency exposure on a case-by-case basis, but it may not always be practicable or desirable to do so. To the extent unhedged, the value of the Scout Funds' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Scout Funds make their investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the securities in their local markets and may result in a loss to the Scout Funds. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Scout Funds' non-U.S. dollar investments.

Furthermore, the Scout Funds may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Scout Funds at one rate, while offering a lesser rate of exchange should the Scout Funds desire immediately to resell that currency to the dealer. The Scout Funds conduct their currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward, futures or commodity options contracts to purchase or sell non U.S. currencies. Most of the Funds' currency exchange transactions occur at the time securities are purchased and are executed through the local broker or custodian acting for the Scout Funds.

Investments in Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading and the substantial price volatility for such securities.

Bank Loans. The Scout Funds' investment program may include investments in bank loans and participations. These obligations are subject to unique risks, including, without limitation: (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; (iv) limitations on the ability of the Scout Funds to directly enforce their rights with respect to participations; (v) long and less certain settlement periods; and (vi) adverse consequences resulting from participating in such instruments with other institutions of lower credit quality. Successful claims by third parties arising from these and other risks would be borne by the Scout Funds.

Some of the bank loans that may be purchased by the Scout Funds will have no, or only a limited, trading market. In addition, secondary market liquidity was particularly constrained during the recent period of volatility in the credit markets. Illiquid bank loans may trade at a discount to comparable, more liquid investments. In addition, because of the provision of confidential information, the unique and customized nature of a loan agreement and the private syndication of a loan, certain bank loans may not be purchased or sold as easily as publicly traded securities, particularly as a result of the increased degree of complexity in negotiating a secondary market purchase or sale in which complexity does not exist, for example, in the high-

yield bond market. Bank loans may encounter trading delays due to their unique and customized nature, and transfers may be prohibited without the consent of an agent bank or borrower.

Bank loans may become non-performing for a variety of reasons. Non-performing bank loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write down of the principal of the loan and/or the deferral of payments. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. The Scout Funds may incur additional expenses to the extent they are required to seek recovery upon a default on a bank loan or participate in the restructuring of such obligation. Although Scout may exercise voting rights with respect to an individual bank loan on behalf of the Scout Funds, there can be no certainty that Scout will be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such bank loan to determine the outcome of such vote.

To the extent that the Scout Funds acquire loans, the Scout Funds may be subject to additional risks, including those related to lender liability, liability to syndicate members or later purchasers and protracted, expensive and resource-intensive work-outs or other restructurings.

Illiquid Securities. For certain Scout Funds, a portion of the portfolio may consist of securities, loans, private equity and other financial instruments which are not actively and widely traded or that may take several years to reach a state of maturity when realization of the investments can be achieved. There can be no assurance that such Funds' investments will ever reach their stated maturity, which may result in distributions in kind to investors in such Funds. In general, it may be relatively difficult for such Scout Funds to dispose of such investments rapidly and at favorable prices in connection with adverse market developments or other factors. Illiquid securities may also be more difficult to value.

ITEM 9 – DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Scout's advisory business or the integrity of Scout's management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Scout nor its principals is engaged in any business activities outside of the management of the Scout Funds for compensation. Scout and its affiliates may, however, have conflicts of interest in allocating their time and resources between the Scout Funds, in allocating investments among the Scout Funds, and in effecting transactions between the Scout Funds, including ones in which Scout and its affiliates may have different financial interests. Under the constituent documents of the Scout Funds, such persons are generally required to devote as much time as is necessary and appropriate to manage such Funds' businesses, but are generally not prohibited by such constituent documents from engaging in any other business, including the establishment of other investment funds. Moreover, no Scout Fund has any right to any income or profit derived by Scout and/or its affiliates from the management of any other Scout Fund or any future investment fund or managed account advised by Scout. Different Scout Funds may also charge different management fee and incentive compensation rates due to circumstances such as different contractual rates or loss recovery account balances. In addition, Scout employees invest capital in the Scout Funds and their interest in a Scout Fund may be disproportionate relative to their interest in other Scout Funds.

The Scout Funds investment programs differ due to, among other reasons, investment restrictions, tax status and related considerations, types of investors and lock-up and notice periods. As a result, Scout will give advice, and take action, with respect to one or more of the Scout Funds which will differ from the advice given, or the timing or nature of action taken with respect to other Scout Funds. As a result, portfolio composition and performance results will vary and may vary materially among the Scout Funds.

The Scout Funds may have conflicting interests with respect to their investments, including with respect to selling objectives, taxes, liquidity, performance, timing and other objectives. The conflicting interests of individual Scout Funds may relate to, or arise from, among other things, the nature of investments made by the Scout Funds and the timing of purchases and sales of investments. For example, certain Scout Funds may from time to time be selling securities and instruments that other Scout Funds may continue to hold or purchase. Scout may also purchase different classes of securities for different Scout Funds, which may create conflicts for Scout in managing the investments for different Funds. See Item 11 for a description of Scout's allocation policy.

Scout Capital, L.L.C., an affiliated entity, is the general partner of the U.S. Funds and an investment adviser relying on the registration of Scout under the Advisers Act. Each of Messrs. Crichton and Weiss owns 50% of the general partner.

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

Code of Ethics

Scout has adopted a written code of ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act. The Code memorializes the standards of business conduct that all employees and other “supervised persons” are expected to uphold, including that such persons must consider the interests of Scout’s clients before their own.

The Code also places limits on gifts and entertainment, personal securities trading, service on outside boards and other outside activities. With respect to personal securities trading in particular, the Code places restrictions on personal trades by employees, including requiring that employees disclose their personal securities holdings and transactions to Scout on a periodic basis, and that employees pre-clear the purchase or sale of any “covered security” (as defined in the Code). Scout’s restrictions on personal securities trading apply to employees, as well as employees’ family members living in the same household. The Code also requires employees to comply with federal securities laws and to report violations of the Code to the Chief Compliance Officer, or Director of Compliance in her absence. On at least an annual basis, all employees must acknowledge in writing that they have received a copy of and read the Code of Ethics.

A copy of our Code is available to clients and prospective clients upon request by contacting Scout at the New York or Palo Alto address, phone number or email address on the cover page of this brochure.

As discussed in Item 10, Scout and its affiliates will have potential and actual conflicts of interest with respect to the Scout Funds and their investments. These conflicts of interest may be between or among the different Scout Funds or between Scout and its affiliates and the Scout Funds. Scout generally resolves these conflicts of interest without input from disinterested third parties. Scout has adopted policies and procedures designed to make sure that any such conflicts are resolved in a fair and equitable manner.

Securities in which Scout or a Related Person has a Material Financial Interest

Scout periodically reviews the Scout Funds’ accounts to determine whether it is appropriate and in the best interests of its participating clients to effect trades of securities or other instruments among or between the Scout Funds. Scout may elect to effect cross trades between or among client accounts to accommodate the liquidity needs of certain Funds and/or to otherwise rebalance positions among certain of the Funds, while minimizing execution and other costs and limiting market impact. In such a case, one or more Scout Funds will purchase securities or other instruments held by one or more other Scout Funds and as a result, each participating Fund is likely to have conflicting price, performance, liquidity, timing and other objectives. To address potential or actual conflicts of interest presented by these types of transactions, Scout and its related persons will not receive any brokerage or transaction fees related to these transactions. Such transactions will be conducted in a manner consistent with Scout’s duty of best execution and will otherwise be in the best interests of the participating Funds. To the extent that these transactions may be viewed as principal transactions due to the ownership

interest in the Funds by Scout, its related persons and personnel, Scout will either not permit Funds that may be viewed as proprietary to participate in the transactions or also comply with the requirements of Section 206(3) of the Advisers Act in connection with such transactions, including that Scout will notify the respective Funds in writing of the transaction and obtain the consent of the respective Funds.

Investing in Securities that Scout or a Related Person Recommends to Clients

Scout's employees may from time to time invest for their personal accounts in exchange traded funds in which the Scout Funds are also invested. Scout may also invest for the Scout Funds in securities or instruments in which its employees are already invested. Conflicts of interest may arise if Scout or its employees recommend a particular transaction because of a financial interest held by any such person in such securities. To address such conflicts of interest, Scout allows only very limited personal account trading and has implemented other policies and procedures designed to reduce, monitor and resolve such conflicts.

Contemporaneous Trading and Allocation Policy

Because the Scout Funds have differing investment programs and restrictions, participation in specific investment purchase or sale opportunities will be appropriate for one or more than one Scout Fund. When allocating investment acquisition or disposition opportunities among the Scout Funds, Scout will take into account factors which include, but are not limited to, market capitalization of the issue, current liquidity for the security or instrument in the market, account size, cash availability, other portfolio positions in the relevant Scout Funds, Fund investment guidelines and restrictions (which differ due to the Funds' varying lock-up periods, regulatory, tax and legal implications), and other factors as may be deemed appropriate considerations by Scout from time to time. Once it has been determined which Scout Funds should participate in an investment based on the foregoing considerations, investment acquisitions generally will be allocated to eligible Funds *pro rata*, subject first to a leveling true-up across participating Funds, according to the assets under management of each participating Scout Fund. Trades that are determined not to be appropriately allocated on such a *pro rata* basis among all Scout Funds are reviewed by Scout's allocation committee and allocated in a manner deemed fair and equitable by such committee taking into account the factors set forth above. When existing positions are being sold or reduced, transactions generally will be allocated to the extent practicable *pro rata* according to the size of existing inventory, subject first to a leveling true-up across participating Funds.

ITEM 12 – BROKERAGE PRACTICES

As noted previously, Scout has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Scout's authority is limited by its own internal policies and procedures, its fiduciary duty of best execution and each Scout Fund's investment guidelines. Consistent with its duty of best execution, the factors Scout considers in allocating trades to brokers and dealers include, but are not limited to:

- the broker or dealer's quality of execution, including its ability to follow and accurately execute specific trade instructions, access liquidity and execute the trade within Scout's desired timing;
- the broker or dealer's and its personnel's overall experience, reputation and trustworthiness;
- the broker or dealer's willingness to commit capital;
- the commission rate and overall cost of trade;
- the quality of the broker or dealer's relationship with Scout, including its responsiveness to requests, reliability, understanding of Scout's strategy and interests, ability to provide market intelligence regarding trading activity in securities that Scout trades and the nature and quality of investment ideas it generates;
- the broker or dealer's ability to execute trades in difficult markets;
- the broker or dealer's access to underwritten offerings and secondary markets;
- the financial strength and stability of the broker or dealer;
- the broker or dealer's ability to evaluate market information across asset classes and sectors;
- the ability of the broker or dealer to provide research and trading services on a global basis across asset classes; and
- the receipt of brokerage or research services which are of benefit to the Scout Funds.

From time to time, Scout's personnel may speak at or otherwise participate in conferences and other "capital introduction" programs for potential investors. These conferences and programs are organized or sponsored by certain prime or executing brokers (or their affiliates) and may be a means by which Scout can be introduced to potential Fund investors, with whom such prime or executing brokers have a pre-existing relationship. Currently, neither Scout nor the Funds compensate anyone for organizing such capital introduction events or for any investments ultimately made by prospective investors attending such events (although either may do so in the future). While such events and other services provided by a broker or dealer may influence Scout in deciding whether to use such broker or dealer in connection with brokerage, financing and other activities of the Funds, Scout will not commit to allocate a particular amount of brokerage to a broker or dealer in any such situation. Scout conducts its own due diligence regarding the suitability of an investment in the Funds for any potential investor.

Best Execution and Order Aggregation

As part of its efforts to obtain best execution and consistent with the terms of the investment guidelines and restrictions for each of the participating Funds, Scout may aggregate orders for multiple clients. All Funds participating in each aggregated order receive the same average price and subject to minimum ticket charges, pay a pro-rata portion of commissions.

Research and Other Soft Dollar Benefits

The research or brokerage products and services provided to Scout by broker-dealers generally may include information on the economy, industries, specific securities, groups of securities, individual companies, financial and market data, statistical information, accounting and tax law interpretations, legal and political developments impacting portfolio securities, technical market advice, pricing and appraisal services, credit analysis, and other products and services (e.g., quotation equipment and computer-related costs and expenses, including investment- and trading-related computer hardware and software). Such research services are primarily received in the form of written reports, conferences, telephone contacts and personal meetings with security analysts, consultants, economists, academics, corporate executives and industry spokespersons, among others. In addition, such research services may be provided in the form of access to various computer-generated data and computer software.

The commission rates charged to the Scout Funds by brokers may be higher than those charged by other brokers who may not offer the proprietary or third party services or capabilities described above. Scout intends that its use of commission or “soft dollars” to pay for research or brokerage services will fall within the safe harbor for soft dollars created by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, and prevailing guidance thereunder. The Section 28(e) safe harbor allows Scout to pay more than the lowest available commission provided that (i) it determines in good faith that the commissions paid are reasonable in relation to the value of the brokerage and research services provided by such brokers and/or dealers and (ii) payments are made in compliance with applicable law. Soft dollars are not intended to be used to pay for items not falling within the safe harbor (e.g., computer facilities used for accounting for the Scout Funds). Where a product or service obtained with commission dollars provides both research and non-research assistance to Scout, Scout will make a reasonable allocation of the cost which may be paid for with commission dollars and Scout will pay the remainder. In making such allocations of cost in good faith, Scout will face a conflict of interest by reason of Scout’s allocation of the costs of such benefits and services between those that primarily benefit Scout and those that primarily benefit the Scout Funds.

Consistent with Section 28(e), research services such as those described above may be used to service all Scout Funds, including those Funds that have not participated in the transactions generating the commission. Scout does not seek to allocate soft dollar benefits to Scout Funds proportionately to the soft dollar credits the relevant Fund generates. While the continued provision of soft dollar brokerage and research services described above is not conditioned on Scout directing any particular level of transactions to these brokerage firms, such services are provided without a separate charge in consideration for Scout’s use of such brokerage firms to execute trades for client accounts. As such, Scout receives a benefit because it does not have to pay for such research products or services, and Scout may have an incentive to select or recommend a broker-dealer based on its interest in receiving such services rather than its clients’ interest in receiving the most favorable execution.

Scout's procedures to direct client transactions to broker-dealers in return for soft dollar benefits include: the periodic evaluation and review by Scout's trading, investment, operations and compliance staff of (i) the execution and trading capabilities of the various brokers and (ii) the quality and quantity of research and brokerage provided by the various brokers in light of the commissions paid.

Trade Errors

The Scout Funds may on occasion experience errors with respect to trades made on their behalf. Pursuant to the indemnification provisions of the Funds' constituent documents or investment management agreement with Scout, as applicable, Scout generally will not be liable to the Funds for any act or omission, absent bad faith, willful malfeasance or gross negligence, and the Funds will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, absent bad faith, willful malfeasance or gross negligence. As a result of these provisions, the Funds (and not Scout) will benefit from any gains resulting from trade errors and will be responsible for any losses (including additional trading costs) resulting from trading errors and similar human errors, absent bad faith, willful malfeasance or gross negligence. Trading errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of the intended amount of securities or instruments; (ii) the sale of a security or instrument when it was intended to have been purchased; (iii) the purchase of a security or instrument when it was intended to have been sold; (iv) the purchase or sale of the wrong security or instrument; (v) the purchase or sale of a security or instrument contrary to regulatory restrictions or the Funds' investment guidelines or restrictions; and (vi) incorrect allocations of trades. Given the large volume of transactions executed by Scout on behalf of the Funds, investors should assume that trading errors (and similar errors) will occur and that, to the extent permitted by law and under the Funds' constituent documents or investment management agreement with Scout, the Funds will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of Scout's personnel. Such trade errors could result in substantial losses to the Scout Funds. Determining whether Scout's personnel have satisfied the standard of care such that the Funds are responsible for a loss resulting from a trade error will present a conflict of interest between Scout and the Funds' economic interests.

ITEM 13 – REVIEW OF ACCOUNTS

Frequency and Nature of Review of Client Accounts or Financial Plans

Scout performs various daily, weekly, monthly, quarterly and other periodic reviews of the Funds' respective portfolios. Portfolio and risk management reviews are generally conducted by James Crichton and/or Adam Weiss, Scout's Co-Portfolio Managers, in addition to Scout's other research, investment and operations personnel.

Scout's Chief Compliance Officer and other compliance, finance and operations personnel conduct reviews on a regular basis for, among other things, trade allocations, trade execution, performance reporting and compliance with the Funds' investment objectives, guidelines and restrictions. In addition, the Scout Funds' third party administrator provides daily reviews and reconciliations of cash, positions and activity in the Funds' portfolios. The Funds' profits and losses are reconciled daily by Scout back to the Funds' administrator.

Factors Prompting Review of Client Accounts Other than a Periodic Review

Special circumstances or unusual activity may trigger a review of accounts on an other than periodic basis.

Content and Frequency of Account Reports to Clients

Depending on the Scout Fund, Scout distributes annual audited financial statements to investors in such Funds within 120 days (or such shorter period as may be required by the Fund's constituent documents) following the end of the applicable Fund's fiscal year. Scout also provides unaudited performance reports at least quarterly to the investors in the Scout Funds. In addition, Scout provides investors in each Fund with such other information as it may, from time to time, deem advisable and desirable.

Additional or more frequent information may be provided by Scout in its discretion to investors in the Scout Funds upon request, including certain types of portfolio information that Scout only discloses subject to additional contractual protections.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Scout pays trailing referral fees to one placement agent under a historical agreement. However, Scout does not have any current arrangements in place for the solicitation of clients or investors.

ITEM 15 – CUSTODY

Scout is deemed to have custody of all of the Scout Funds' assets and is subject to Rule 206(4)-2 under the Advisers Act because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. The Scout Funds are each subject to an annual audit and Scout distributes audited financial statements to investors in each Scout Fund within 120 days of such Scout Fund's respective fiscal year-end. The Funds are audited annually by an accounting firm that is a member of the Public Company Accounting Oversight Board and the audit is conducted in accordance with accounting principles that are generally accepted in the U.S. (i.e., U.S. GAAP). As a result, Scout is not required to comply (or is deemed to comply) with the account statement delivery and surprise exam requirements under the Advisers Act's "custody rule" because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception."

ITEM 16 – INVESTMENT DISCRETION

As mentioned previously, Scout has discretionary trading authority with respect to each of the Scout Funds. This authority is granted pursuant to an investment management agreement, or similar agreement between Scout, or its affiliate, and the Funds. Scout exercises its investment discretion consistent with each Fund's applicable investment strategy, as well as any investment guidelines or restrictions imposed by the relevant Fund in its constituent documents.

ITEM 17 – VOTING CLIENT SECURITIES

Scout has authority to vote proxies (as defined below) relating to the securities held in the Scout Funds' accounts. Fund investors are not permitted to direct proxy voting. SEC Rule 206(4)-6 requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. Scout has adopted proxy voting policies intended to promote the best interests of the Scout Funds and address how Scout resolves conflicts of interest that may arise when voting proxies. Scout's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to client securities in a manner that serves the best interests of the Scout Funds, as determined by Scout in its discretion and taking into account relevant factors, including, but not limited to the impact on the value of the securities, the anticipated costs and benefits associated with the proposal, the proposal's effect on liquidity (if any), and customary industry and business practices. In order to assist it in carrying out its duty to vote proxies in its clients' best interests and to facilitate the proxy voting process, Scout has retained Glass, Lewis & Co. to provide research, reporting, vote execution and recordkeeping services. Although Scout generally votes all proxies that it receives for the Scout Funds, there may be times when Scout does not vote or abstains from voting (which generally requires submission of a proxy voting card) if Scout determines that abstaining or not voting is in the best interests of the Scout Funds. In making such determinations, Scout will consider various factors, including, but not limited to the cost associated with exercising the proxy (e.g., translation or travel costs) and applicable legal restrictions on trading that may arise from voting the proxy.

In certain circumstances, Scout may believe it to be in the best interests of the Scout Funds to override individual recommendations of Glass, Lewis & Co. In these cases, Scout may override the recommendation of Glass, Lewis & Co. after evaluating any known material conflicts of interest. Such override votes require Managing Member approval. All votes are overseen by Scout's compliance department.

Investors that wish to obtain a record of Scout's proxy voting policy and/or proxy voting history with respect to their respective Scout Fund can contact Scout's investor relations department at the New York or Palo Alto phone number or address on the cover page of this brochure.

ITEM 18 – FINANCIAL INFORMATION

Not applicable.