

## **FIRM BROCHURE**

### **Item 1 – Cover Page**

#### **Macellum Advisors, LP**

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This brochure provides information about the qualifications and business practices of Macellum Advisors, LP. If you have any questions about the contents of this brochure, please contact us at (212) 956-3008. 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.

Additional information about Macellum Advisors, LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration with the SEC or any state as an investment adviser does not imply that Macellum Advisors, LP or any principal employees of Macellum Advisors, LP possess a particular level of skill or training in the investment advisory or any other business.

**February 2013**

**Item 2 - Material Changes**

In 2010, the SEC substantially changed the Form ADV Part 2 disclosure requirements. This brochure has been prepared based on those new requirements. Macellum Advisors, LP is a new investment adviser registrant with the Securities and Exchange Commission. Consequently, there are no material changes to report in this brochure. In the future, this section of the brochure will discuss any material changes made to the document from the prior year.

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#### **Item 4 - Advisory Business**

The investment adviser, Macellum Advisors, LP (“Macellum Advisors”), is a Delaware limited partnership and has its principal place of business in New York, NY. Macellum Advisors was formed on September 27, 2011.

Macellum Advisors GP, LP, (“Macellum Advisors GP”), a Delaware limited liability company, acts as the general partner of both Macellum Advisors and Macellum Management, LP (“Macellum Management LP”), the sole limited partner of Macellum Advisors. Jonathan Duskin, the founder and principal of Macellum Advisors, controls Macellum Advisors through his majority ownership interest in Macellum Advisors GP and Macellum Management, LP.

Macellum Advisors pursues its investment strategy through acting as the investment advisor to a private fund (the “Macellum Fund”) offered to sophisticated, qualified investors, which may include high net worth individuals, pension plans, funds of funds, family offices, endowments and other institutions. In addition to advising the Macellum Fund, Macellum Advisors also acts as a sub-adviser to certain third party private funds (together with the Macellum Fund, the “Funds”).

Macellum Advisors provides investment advisory services to each Fund based on the particular investment objectives and strategies described in the applicable Fund’s confidential offering memorandum (if any), governing documents, and investment advisory and sub-advisory agreements (as applicable) (referred to collectively as “Offering Documents”).

**All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, risks, and conflicts of interest faced by Macellum Advisors in connection with the management of the Funds are qualified in their entirety by reference to each Fund’s respective Offering Documents.**

As of January 1, 2013, Macellum Advisors managed approximately \$147,500,314 in Fund assets on a discretionary basis and approximately \$0 in Fund assets on a non-discretionary basis.

## Item 5 - Fees and Compensation

### The Macellum Fund

Macellum Advisors currently acts as investment advisor to the Macellum Fund. MCM Managers, LLC, an affiliate of Macellum Advisors, acts as the managing member of the Macellum Fund (the “Managing Member”).

*Management Fees.* For its services to the Macellum Fund, Macellum Advisors is entitled to receive a management fee (the “Management Fee”) at an annual rate of two percent (2.00%) of each investor’s capital account balance. The Management Fee is calculated and paid quarterly in advance.

*Performance Allocation.* The Managing Member is entitled to an annual performance-based profit allocation (the “Performance Allocation”) at the end of each calendar year equal to twenty percent (20%) of the Macellum Fund’s net profits attributable to an investor, but only to the extent that such profits exceed any losses carried forward from prior years, based on a “high water mark” formula.

*Organizational Expenses.* The Macellum Fund bears the expenses of the organization of the Macellum Fund and the offering of the Macellum Fund interests to investors, including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses, and out-of-pocket expenses. The organizational expenses borne by the Macellum Fund are described in more full detail in the Macellum Fund’s Offering Documents.

*Operating Expenses.* The Macellum Fund bears all costs and expenses directly relating to its investment program, including all trading related expenses. The operating fees and expenses of the Macellum Fund include, but are not limited to: (i) brokerage commissions, dealer spreads, interest charges, dividends payable with respect to securities sold short, exchange fees, give-up fees and other related transaction fees and expenses, taxes and other governmental charges, legal fees and expenses, any reasonable travel, insurance or extraordinary fees and expenses, clearing and settlement charges, custodial fees, appraisal fees, and investment banking expenses; (ii) any governmental, regulatory, licensing, filing, or registration fees incurred in compliance with the rules of any self-regulatory organization or any federal, state, local, or other applicable laws; (iii) to the extent permitted by applicable law, and subject to the Offering Documents, any legal fees and costs arising in connection with any litigation or regulatory investigation instituted against the Macellum Fund or the Managing Member in its capacity as such or involving the Macellum Fund’s activities; (iv) the cost of the audit of the Macellum Fund’s financial statements and the preparation of its tax returns; (v) the fees and expenses for financial and tax accounting, reporting services, and all out of pocket administration costs; (vi) the fees and expenses of counsel in connection with advice directly related to the Macellum Fund’s activities and tax-related and regulatory-related structural issues; (vii) the costs and fees of any accountants, attorneys, or other experts engaged by the Managing Member as well as other expenses directly related

## **Item 5 - Fees and Compensation (continued)**

to the Macellum Fund's investment program; (viii) specific expenses incurred in obtaining or maintaining systems, research, and other information, including information service subscriptions; (ix) all costs and expenses associated with outsourcing the trading desk function to an unaffiliated service provider; (x) the costs and expenses of holding any meeting of investors; (xi) the costs of any liability insurance; and (xii) all reasonable costs and expenses associated with reporting and providing information to existing and prospective investors.

### **Sub-Advised Funds**

The fees and expenses associated with the Funds sub-advised by Macellum Advisors will be negotiated with the investment adviser of each Fund and are described in detail in the investment sub-advisory agreements entered into among Macellum Advisors, the applicable sub-advised Fund and such sub-advised Fund's investment adviser or other controlling entity

*Management Fees.* The sub-advised Funds are charged management fees, which are generally calculated and paid by each Fund quarterly in advance. The annual management fees generally range from one and one-half percent (1.50%) to two percent (2.00%) of a Fund's assets.

*Performance Fees.* The sub-advised Funds are charged performance fees which may range from fifteen percent (15%) to twenty-seven percent (27%) per annum. The performance fee will be calculated based on annual net profits. The management fees and performance fees will generally be deducted from the Funds directly upon invoice to the Fund's investment adviser.

### **Miscellaneous**

The Funds will incur brokerage and other transaction costs. Item 12 of this brochure discusses how Macellum Advisors selects brokers and determines the reasonableness of their compensation. The direct expenses borne by the Funds are described in more detail in each Fund's Offering Documents.

Macellum Advisors generally grants waivers of the management fees and performance allocations/fees to principals and employees of Macellum Advisors.

Macellum Advisors may agree with certain investors to a variation of the terms set forth in each Fund's Offering Documents, including different management fees and performance allocations/fees.

Lower fees for comparable services may be available from other sources.

## **Item 6 - Performance-Based Fees and Side-By-Side Management**

*Performance Allocation.* As noted above, Macellum Advisors and/or the Managing Member are generally entitled to receive a performance-based fee or allocation from the Funds. Please see Item 5 for a detailed explanation of Macellum Advisors' performance-based compensation.

Performance-based fees and allocations may give Macellum Advisors and its affiliates an incentive to engage in more speculative investment strategies in order to potentially receive greater compensation. Such fee arrangements may also create an incentive to favor higher fee paying clients over other clients in the allocation of investment opportunities. Macellum Advisors follows procedures it believes are reasonably designed to ensure that all clients are treated fairly over time, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Macellum Advisors will charge performance-based fees and allocations in accordance with the provisions of SEC Rule 205-3 or similar state regulations. Under SEC Rule 205-3 an adviser may charge performance-based fees only to "qualified clients" meeting certain net worth requirements as described in Item 7.

## Item 7 - Types of Clients

Macellum Advisors provides investment advisory services to the Funds, based on the particular investment objectives and strategies described in the particular Fund's Offering Documents. Macellum Advisors, in its sole discretion, may manage other fund or accounts with different objectives, higher or lower fees and different fee structures than the Funds.

Investors in the Macellum Fund are required to complete and submit a subscription agreement. The minimum investment in the Macellum Fund is \$250,000 for U.S. investors and \$1,000,000 for non-U.S. investors, although Macellum Advisors may accept investments in a lesser amount at its sole discretion.

Investors in the Macellum Fund are required to complete and submit a subscription agreement binding them to the terms of the Macellum Fund's governing documents. The Macellum Fund only admits "accredited investors," as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended.

The investors in each Fund must meet the definition of "qualified client," as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended. An investor is a "qualified client" if it meets any of the following criteria:

- (a) the client, after entering into the contract, has at least \$1,000,000 under the adviser's management;
- (b) the adviser reasonably believes, immediately prior to entering into the contract, that the client has a net worth (which, in the case of a natural person, may include assets held jointly by the client with his or her spouse) in excess of \$2,000,000.
- (c) the client is a "qualified purchaser" as defined under Section 2(a)(51)(A) of the 1940 Act;
- (d) the client is an executive officer, director, trustee, general partner, or person serving in a similar capacity, of the adviser; or
- (e) the client is an employee of the adviser (other than an employee performing solely clerical, secretarial or administrative functions) who, in connection with his or her regular functions or duties, participates in the adviser's investment activities, provided that such employee has been performing such functions or duties for or on behalf of the adviser, or substantially similar functions or duties for or on behalf of the adviser for at least twelve (12) months.



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

Macellum Advisors provides investment advisory services to the Funds based on the particular investment objectives, policies and strategies described in the applicable Offering Documents.

### The Macellum Fund

The Macellum Fund's investment objective is to achieve superior risk-adjusted returns through all market conditions that are uncorrelated to the broader markets.

Macellum Advisors seeks to achieve this objective by making investments in equity securities, both long and short, as well as options, in the retail and consumer industry sectors. The core strategy is to capitalize on significant inflection points in a company's life cycle.

Macellum Advisor's strategy is to use proprietary research the management team garners from the industry to identify value-based, long and short investment opportunities. The management team has extensive industry knowledge and operating backgrounds in the consumer and retail industry. Most of them are former C-level executives from companies that include Limited Apparel, Reebok, KB Toys, The Wet Seal, G-III Apparel, Pacific Sunwear, Abercrombie & Fitch, and Zales. Macellum Advisors brings together proprietary research and significant industry knowledge with position and portfolio risk management. Macellum Advisors focuses on single company analysis and seeks to mitigate market risk by running a hedged portfolio. Macellum Advisors also looks to mitigate risk by investing in publically traded, liquid securities.

Macellum Advisors believes that one of its core strengths is its investment process. The process can most easily be envisioned as an assembly line, involving the following stages to arrive at investment ideas:

- (i) *Quantitative Screens* — Macellum Advisors uses weekly screens to highlight outliers that it believes have the highest likelihood of outperformance. Attributes generally include financial health, stock performance, valuation and liquidity measurements.
- (ii) *Hypothesis Construction* — Macellum Advisors analyzes data from historical financial information, management dialogue, and industry calls in order to assess guidance and consensus estimates and understand sentiment and valuation. Macellum Advisors also applies proprietary financial modeling to evaluate financial statements and liquidity, including availability generated by the target company's borrowing base.
- (iii) *Validate Thesis* — Hypotheses are reviewed by Macellum Advisors' senior industry research team to assess and determine thesis validity and confirm proprietary insights. The senior industry team diligence and research includes vendor conversations, management interviews,

## Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (continued)

assessment of initiatives, store visits and review of merchandise strategy and competitions.

- (iv) *Portfolio and Risk Management* — Macellum Advisors monitors position sizing, net and gross exposure, liquidity and correlations and manages net exposure on an absolute, beta-adjusted and liquidity basis. Macellum Advisors uses position strategies and a watch list to manage price, size and timing of entry and exit.
- (v) *Thesis Management* — Macellum Advisors uses a calendar to review the portfolio in context of future opportunities for thesis realization and exogenous events that it believes could impact the Fund's positions. Macellum Advisors also uses a watch list for recycling ideas and monitoring up-coming events and expectations, which then serves as for the basis for reassessing ideas which Macellum Advisors initially passed on.

**Investing in securities and derivatives involves risk of loss that Fund investors should be prepared to bear. There can be no assurance that a Fund's objective will be achieved or that the investment strategies Macellum Advisors employs will be successful. Investors must be prepared to lose all or substantially all of their investment in a Fund. The past performance of a Fund is not indicative of its future performance.**

**Some of the risks involved with investing in the Funds include, but are not limited to the following;**

Investment Judgment; Market Risk. The profitability of a significant portion of each Fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Macellum Advisors will be able to predict accurately these price movements. With respect to the investment strategy utilized by each Fund, there is always a degree of market risk.

Reliance on Key Person. The Funds will be substantially dependent on the services of the principal, Jonathan Duskin.

Concentration. The Funds invest primarily in the retail and consumer industry sectors. Accordingly, the Funds face the risk that the value of the securities in which the Funds invest will be greatly affected by changes in the performance of the companies in such sectors than would be the case with greater diversification.

Short Sales. The Fund may enter into transactions, known as "short sales," in which it sells a security it does not own in anticipation of a decline in the market value of the security. Short sales by a Fund theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (continued)**

Derivatives. Derivative instruments, or “derivatives,” include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. 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.

Foreign Securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Fund are maintained) and the various foreign currencies in which the Fund’s portfolio securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Leverage. Subject to applicable margin and other limitations, each Fund may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of a Fund’s portfolio would be amplified.

Valuations. From time to time, certain situations affecting the valuation of a Fund’s investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Fund) could have an impact on the net asset value of the Fund, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value related calculation or transaction is completed. The Fund are not required to make retroactive adjustments to prior subscription or redemption transactions or management fees or performance allocations based on subsequent valuation data.

Withdrawal Restrictions. There are severe restrictions on withdrawals from the Funds (which may be settled in securities rather than cash) and on transfers of interests in the Funds. There is no secondary market for interests in the Funds and one is not likely to develop. Because of the restrictions on withdrawals and transfers, an investment in a Fund is a relatively illiquid investment and involves a high degree of risk.

**For a more detailed description of the risks of the investment strategies employed by each Fund, please see that Fund’s Offering Documents.**

**Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss (continued)**

**Potential conflicts of interest between the interests of Macellum Advisors and the investors invested in the Funds may include the following:**

Macellum Advisors or its affiliates may manage other investment accounts which have different or similar objectives to those of the Funds.

Macellum Advisors is not obligated to devote any specific amount of time to the affairs of any Fund.

The principal and employees of Macellum Advisors may buy and sell securities for their own personal accounts or the accounts of family members which are the same as securities being purchased for the Funds.

Macellum Advisors' authority to use "soft dollar" credits generated by a Fund's securities transactions to pay for expenses that might otherwise have been borne by Macellum Advisors may give Macellum Advisors an incentive to select brokers or dealers for Fund transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by Macellum Advisors rather than giving exclusive consideration to the interests of the Funds.

**Item 9 - Disciplinary Information**

Macellum Advisors has no information to report with respect to this item.

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

Macellum Advisors has no information to report with respect to this item.

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

### Code of Ethics and Personal Trading Policy

Macellum Advisors has adopted a code of ethics and personal trading policy (“Code of Ethics”) designed to, among other things, alleviate possible conflicts of interest, prevent the misuse of material non-public information, ensure the propriety of its employees’ personal trading activity, and instill a culture of compliance with the law and the highest standards of business conduct. Macellum Advisors prohibits employees from using or attempting to use their position at Macellum Advisors to obtain improper benefits for themselves or any other person.

Macellum Advisors’ Code of Ethics permits employees to invest for their personal accounts, subject to certain guidelines and restrictions. All personal securities transactions by employees must be conducted in accordance with the requirements of Macellum Advisors’ Code of Ethics. Among other things, Macellum Advisors’ policies require that certain personal securities transactions by employees be approved in advance by Macellum Advisors’ compliance department. Employees must report certain personal securities holdings upon employment and periodically thereafter and arrange for certain duplicate confirmations and account statements to be sent to Macellum Advisors’ compliance department.

Macellum Advisors has also adopted policies and procedures designed to prevent employees from being unduly influenced in their decisions by receipt of gifts, entertainment or other inducements by third parties, such as trading counterparties, vendors or investors.

### Outside Activities

Macellum Advisors does not limit its employees’ ability to engage in other business or investment activities, however, all outside activities must be approved.

### Insider Trading

By reason of Macellum Advisors’ or its related person’s business or investment activities, such may acquire confidential information or otherwise be restricted in their investment activities, and, in such event, Macellum Advisors and such related persons may not be free to act upon such confidential information. Due to such confidential information or restrictions, Macellum Advisors may not initiate a transaction for a Fund that Macellum Advisors may otherwise have initiated, and the Fund or account may, as a result, be required to maintain a position that it otherwise might have sold, or be required to refrain from acquiring a position that it otherwise may have acquired.

A copy of the firm’s Code of Ethics is available to any investor or prospective investor upon request.

## **Item 12 - Brokerage Practices**

Macellum Advisors has complete discretion to determine, subject to each Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries use in effecting the transactions for the Funds, and the commission rates to be paid for such transactions.

### Brokerage

Macellum Advisors selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Funds. Macellum Advisors seeks to obtain "best execution" from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, Macellum Advisors may cause a Fund to enter into arrangements pursuant to which the Fund pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. Macellum Advisors is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Fund may be cleared through, and the Fund's investment instruments may be held by, a number of financial institutions Macellum Advisors selects on terms negotiated with each such financial institution individually. Subject to Macellum Advisors' agreement with each Fund, Macellum Advisors generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. Macellum Advisors does not consider the receipt of client referrals when selecting broker-dealers to execute transactions.

Macellum Advisors does not permit clients to direct brokerage to a specified broker-dealer. All brokerage transactions will be executed through the broker-dealers selected by Macellum Advisors.

### Soft Dollars

Macellum Advisors or its affiliates may receive from a Fund's broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on a Fund's brokerage transactions may generate "soft dollar" credits that Macellum Advisors is authorized to use to pay for research and other non-research related services and products used by Macellum Advisors or its affiliates. Macellum Advisors may enter into "soft dollar" arrangements with one or more broker-dealers whereby Macellum Advisors will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer. Although Macellum Advisors will use the research and services in making investment decisions for the applicable Fund, Macellum Advisors may use such research or services for other Funds and the applicable Fund will generally pay more than the lowest available commissions for execution of these transactions. Macellum Advisors may also enter into "soft dollar" arrangements to



## **Item 12 – Brokerage Practices (continued)**

cover Fund expenses or costs and expenses of Macellum Advisors to the extent such arrangements are permitted by law.

Macellum Advisors has authority to use “soft dollar” credits generated by a Fund’s securities transactions to pay for expenses that might otherwise have been borne by Macellum Advisors. This may give Macellum Advisors an incentive to select brokers or dealers for Fund transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by Macellum Advisors rather than giving exclusive consideration to the interests of the Funds.

In the event that Macellum Advisors elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, or such services that are otherwise reasonably related to the investment decision-making process.

The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of Macellum Advisors creates a conflict of interest between Macellum Advisors and the Funds, because a Fund may pay for such products and services that are not exclusively for the benefit of the Fund and that may be primarily or exclusively for the benefit of Macellum Advisors. To the extent that Macellum Advisors is able to acquire these products and services without expending its own resources (including management fees paid by a Fund), Macellum Advisors’ use of “soft-dollars” would tend to increase Macellum Advisors’ profitability. In addition, the availability of these non-monetary benefits may influence Macellum Advisors to select one broker rather than another to perform services for the Funds. Certain Funds’ Offering Documents, including the Macellum Fund’s Offering Documents, specifically authorize these practices to the fullest extent permitted by law.

### **Order Aggregation**

In general (and when applicable), Macellum Advisors attempts to aggregate multiple orders for the purchase or sale of the same instrument into block transactions, subject to the overall obligation to achieve best price and execution for the Funds.

**Item 13 - Review of Accounts**

Jonathan Duskin, the principal of Macellum Advisors and the portfolio manager for the Funds, is responsible for reviewing Fund investment portfolios. Mr. Duskin performs intraday, daily, weekly or monthly reviews of Fund positions as he deems appropriate. Performance, security positions, exposure levels, and investment opportunities are among some of the matters that may be reviewed.

Macellum Advisors provides the Macellum Fund's investors with audited annual financial statements, periodic unaudited performance reports and all tax information relating to their investments in the Macellum Fund necessary for U.S. federal income tax purposes.

**Item 14 - Client Referrals and Other Compensation**

Macellum Advisors does not have agreements with placement agents or third party solicitors at this time. However, Macellum Advisors may enter into agreements with persons who refer investors in the Funds to the firm. For their referral services, these persons may receive compensation from our firm in the form of a percentage of the management fee and/or performance-based fee or allocation that Macellum Advisors and its affiliates receive from the Funds. All solicitation arrangements that Macellum Advisors enters into will be designed to be in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940, as amended. The Funds and their investors are not responsible for any of the fees paid the referring persons.

**Item 15 - Custody**

The Macellum Fund's assets and securities are held by qualified custodians. As noted in Item 13 above, investors in the Macellum Fund investors receive annual financial statements audited by an independent public accounting firm. Fund investors are urged to carefully review such statements.

Macellum Advisors does not have nor is it deemed to have custody of the assets and securities of the sub-advised Funds.

**Item 16 - Investment Discretion**

Macellum Advisors exercises discretion in managing each Fund's investments, based on the Fund's particular investment objectives, policies and strategies disclosed in its Offering Documents.

Macellum Advisors contractually assumed discretionary authority over the assets of the Macellum Fund under an investment advisory agreement entered into among Macellum Advisors, the Macellum Fund, and the Managing Member. Macellum Advisors contractually assumed discretionary authority over the assets of each of the sub-advised Funds under investment sub-advisory agreements entered into among Macellum Advisors, the applicable sub-advised Fund and such sub-advised Fund's investment adviser or other controlling entity.

## **Item 17 - Voting Client Securities**

Macellum Advisors follows a proxy voting policy to ensure that proxies the firm votes, on behalf of each Fund, are voted to further the best interest of that Fund. The policy establishes a mechanism to address any conflicts of interests between Macellum Advisors and the Funds. Further, the policy establishes how investors may obtain information on how the proxies have been voted.

Macellum Advisors determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. Macellum Advisors votes proxies in a manner that it believes reasonably furthers the best interests of the Funds and their investors and is consistent with the investment philosophy as set forth in the relevant Fund Offering Documents.

If a proxy vote creates a material conflict between the interests of Macellum Advisors and a Fund, Macellum Advisors will resolve the conflict before voting the proxies. Macellum Advisors will take steps designed to ensure that a decision to vote the proxy was based on Macellum Advisors' determination of the Fund's best interest and was not the product of the conflict.

Macellum Advisors maintains records of (i) all proxy votes that are made on behalf of the Funds; (ii) all written requests from investors regarding voting history; and (iii) all responses (written and oral) to investors' requests. Such records are available to its investors upon request.

**Item 18 - Financial Information**

Information required by this item is not applicable to Macellum Advisors.