

Item 1. Cover Page

**Brochure of
Ripple Capital Management L.P.**

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This brochure provides information about the qualifications and business practices of Ripple Capital Management L.P. (Ripple). If you have any questions about the contents of this brochure, please contact Robert A. McTamaney, III at (808) 896-3264 or bobby@ripplecap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the SEC) or by any state securities authority.

Additional information about Ripple also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

Not applicable.

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Item 4. Advisory Business

Ripple is a Delaware limited partnership formed in September 2013. Although Ripple may manage additional client accounts in the future, currently it serves exclusively as the investment adviser to Ripple Macro Master Fund L.P., a Cayman Islands exempted limited partnership (the “Master Fund”).

The Master Fund is a “master fund” whose limited partners are Ripple Macro Offshore Fund Ltd. (the “Offshore Feeder”) and Ripple Macro Fund L.P. (the “U.S. Feeder”) and, together with the Master Fund and the Offshore Feeder, the “Funds”). The Offshore Feeder is available for investment by non-U.S. investors and U.S. tax-exempt investors that are “qualified purchasers” so that it can be excluded from the definition of an “investment company” under section 3(c)(7) of the Investment Company Act of 1940 (“ICA”). The U.S. Feeder is available for investment by taxable U.S. investors that are “qualified purchasers” so that it also can rely on ICA section 3(c)(7).

Ripple’s co-founders are Robert A. McTamaney, III and Nicholas F. Burgin. Ripple’s affiliate, Ripple Capital Management LLC, a Delaware limited liability company, serves as Ripple’s general partner.

Ripple is a newly formed investment adviser and, therefore, currently has no assets under management.

Ripple invests principally, but not solely, in publicly-traded financial instruments, but it is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the client’s partnership or other account agreement. Fund investors have no opportunity to select or evaluate any Fund investments or strategies. Ripple selects all Fund investments and strategies.

Item 5. Fees and Compensation

Fees and Allocations. Ripple’s clients (the Funds) and each U.S. Feeder investor and Offshore Feeder U.S. investor are qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. Therefore, information on how Ripple is compensated for its advisory services and its fee schedule are not included here. Ripple’s compensation is negotiable and varies, but is set forth generally in each Fund’s confidential offering circular or private offering memorandum.

Ripple’s affiliate, Ripple Capital GP LLC, a Delaware limited liability company (“Ripple GP”), serves as general partner of the Master Fund and the U.S. Feeder. As general partner, Ripple GP deducts a management fee directly from the Master Fund, which it has assigned to Ripple. Investors pay these management fees indirectly through their investments in the U.S. Feeder and the Offshore Feeder. Investors pay performance allocations and fees directly to Ripple through the U.S. Feeder and the Offshore Feeder.

If a Fund terminates or an investor withdraws or redeems, the investor (through the Master Fund) bears expenses, the pro rata portion of the management fees and performance allocations/fees through the date of termination or withdrawal/redemption, except that if an investor withdraws or

redeems from a Fund on a date other than the last day of a measurement period, there is no refund to that investor of any management fee that it previously paid for that period.

Ripple may provide certain investors special fee and allocation arrangements that it does not provide to other investors. Ripple may waive all or any portion of the management fees or performance allocations/fees with respect to any investor.

Ripple complies with Rule 205-3 under the Investment Advisers Act of 1940, if required. Performance allocations/fees may create an incentive for Ripple to make more risky and speculative investments than it would otherwise make.

Ripple believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

Withdrawal/Redemption Rights. A Fund investor generally may, by notifying the Fund on or before the last day of the preceding month and subject to certain other restrictions, withdraw/redeem as of the last day of any calendar month. If an investor withdraws/redeems before the day preceding the first anniversary of the investor's first investment in the Fund, the Fund or the Master Fund generally will charge a fee of 3% of the investment withdrawn/redeemed.

Expenses. Each Fund is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, expenses related to short sales, and clearing and settlement charges), ongoing legal, accounting and bookkeeping fees and expenses, and the fees and expenses charged by the Fund's administrator for its accounting, bookkeeping and other services. Ripple bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. Securities brokerage firms and futures commission merchants (FCMs) that execute Master Fund securities and commodities trades, however, may pay all or part of these costs and expenses, as discussed in Item 12 below.

Item 6. Performance-Based Fees and Side-By-Side Management

Ripple expects to manage only the Master Fund. The Offshore Feeder and the U.S. Feeder charge performance-based special profit allocations or fees. Ripple does not manage client accounts that do not pay such performance-based allocations/fees.

Item 7. Types of Clients

Ripple provides investment advice to investment funds. Investors in the U.S. Feeder and the Offshore Feeder are required to invest at least \$1,000,000. Ripple may waive this minimum.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy

The Master Fund's investment objective is to generate uncorrelated positive returns by identifying opportunities across various asset classes and geographical regions. The Master Fund

operates a discretionary “Global Macro” strategy focusing primarily on foreign exchange, interest rate, commodity and equity markets. Ripple expects to trade instruments that are highly liquid relative to position size, often but not exclusively in exchange-listed or centrally-cleared products. Ripple seeks to achieve its investment objective by combining fundamental, technical and market-sentiment analyses. A clearly defined risk-management framework is an integral part of the strategy, aiming for optimal risk-expression.

The Master Fund primarily invests in and trades publicly-traded financial instruments, which may include non-U.S. currencies, equity, bonds and other fixed income Securities, futures, options on futures, other commodity interests, other options (including covered and uncovered puts and calls, and over-the-counter options), swaps and other derivative instruments, preferred stocks, convertible Securities, warrants, rights and money market instruments. The Master Fund also engages in short selling, margin trading, hedging and other investment strategies.

The foregoing investment strategies represent Ripple’s current intentions, are general in nature and are not exhaustive. There are no limits on the types of securities or commodities in which Ripple may take positions on behalf of its clients, the types of positions that it may take, the concentration of its investments or the amount of leverage that it may use. Ripple may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, Ripple may pursue any objectives or use any techniques that it considers appropriate and in clients’ interest.

Risk Factors

Investing in securities and commodities involves risk of loss that investors should be prepared to bear. Below are brief summaries of some of the risks that investors should consider before investing in a Fund. Any or all of such risks could materially and adversely affect investment performance, the value of a Fund or any security or commodity held by that Fund, and could cause investors to lose substantial amounts of money. Potential investors should review the Fund’s offering circular or private offering memorandum carefully and in its entirety, and consult with their professional advisers before deciding whether to invest. A potential investor should discuss with Ripple’s representatives any questions that such person may have before investing in a Fund.

Risks Associated with the Master Fund’s Investment Strategy

- The Master Fund may not achieve its investment objectives. A strategy may not be successful and investors may lose some or all of their investments.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is unpredictable and can adversely affect the Master Fund’s investments.
- The Master Fund may hold securities that disappoint expectations and decline, and may short stocks that beat expectations and rise.

- Ripple may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. Ripple also may receive material, non-public information that prevents it from trading securities of for the Master Fund when the Master Fund could make a profit or avoid losses.
- Ripple may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and the hedging instrument. Ripple is not obligated to hedge the Master Fund's portfolio positions, and it frequently may not do so.
- The Master Fund may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- The Master Fund sells securities short, resulting in a theoretically unlimited risk of loss if the prices of the securities sold short increase.
- Management and stockholders of an issuer may sue short sellers to deter short sales of the issuer's securities. Ripple could be subject to such actions, even if they are baseless, and the Master Fund could incur substantial costs defending them.
- To make a short sale, the Master Fund must borrow the securities being sold short. It may be impossible to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets.
- Special rules, which differ from jurisdiction to jurisdiction, apply to short sales. For example, temporary or permanent governmental orders may from time to time prevent the Master Fund from executing short sales of these securities at the most desirable time.
- If the prices of securities sold short increase, the Master Fund may need to provide additional funds or collateral to maintain the short positions. This could require the Master Fund to liquidate other investments to provide additional collateral. Such liquidations might not be at favorable prices.
- Ripple may use leverage by borrowing on margin, selling securities short and trading futures, other commodity interests and derivatives, which increases volatility and risk of loss.
- Derivative instruments in which the Master Fund invests can be difficult to value. An incorrect valuation could result in losses.
- The Master Fund may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- Counterparties such as brokers, dealers, FCMs, custodians and administrators with which Ripple does business on behalf of the Master Fund may default on their obligations. For

example, the Master Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.

- The Master Fund may invest in fixed income securities that are subject to interest rate risk, inflation rate risk, limited liquidity risk and other risks.
- The Master Fund may enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- The Master Fund may invest in non-U.S. securities. The risks of these investments include political risks; economic conditions of the non-U.S. country; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- The Master Fund may acquire a large position in an issuer's securities but it nevertheless is unlikely to have any control over the issuer's management.
- If the Master Fund holds a large position in a security, its subsequent sale of all or any part of that position could depress the market for that security.
- Ripple may take positions in thinly traded and volatile securities.
- Some of the Master Fund's positions may be or become illiquid, in which case Ripple may not be able to sell those positions.
- The Master Fund may invest in restricted securities that are subject to long holding periods or that are not traded in public markets. These securities are difficult or impossible to sell at prices comparable to the market prices of similar publicly-traded securities and may never become publicly traded.
- The Master Fund's investments may not be diversified. Therefore, a loss in any one position, industry or sector in which the Master Fund has invested may cause significant losses.
- The Master Fund may invest in other investment entities, which may cause investors to pay two levels of advisory fees or allocations.

Fund Structure Risk

- Ripple determines the value of securities and commodities held in the Master Fund's account, whether or not a public market exists for those instruments. If Ripple's

valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new Fund investor might receive an interest that is worth less than the investor paid and an investor that is withdrawing or redeeming from a Fund might receive more than the amount to which the investor is entitled. As such, inaccurate valuations have the potential to harm new investors, existing investors, withdrawing/redeeming investors and the Funds.

- The Funds, and not Ripple, are responsible for any trade errors that Ripple makes in Fund accounts, even when the error hurts the Funds, unless it results from Ripple's gross negligence, fraud or willful misconduct.
- Ripple and its affiliates and agents generally are not responsible to any Fund investor for losses incurred in the Fund unless the conduct meets an exception to the specific limitation of liability provisions in the agreements that govern Ripple's or its affiliates' relationship with that Fund.
- There is not and will not be an active market for Fund interests. It may be impossible to transfer any such interests, even in an emergency.
- The Master Fund may not be able to generate cash necessary to satisfy Fund investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force Ripple to liquidate investments too rapidly, and may so reduce the size of the Master Fund that it cannot generate returns or reduce losses.
- A Fund may limit or suspend withdrawals or redemptions of an investor's assets from the Fund.
- A Fund may establish a reserve for contingencies if Ripple considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that Ripple and its affiliates manage grow too large, it may adversely affect performance, because it is more difficult for Ripple to find attractive investments as the amount of assets that it must invest increases.
- No Fund investor has been represented by separate counsel. The attorneys who represent Ripple or its president do not represent Fund investors. Investors must hire their own counsel for legal advice and representation.
- A Fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- Ripple, an administrator or any government agency may freeze assets that any of them believes an investor holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. None of Ripple, a Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.

- The Funds do not intend to make distributions, but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a Fund without a cash distribution to pay the related taxes.
- If a Fund becomes insolvent, investors may be required to return with interest any distributions and forfeit any undistributed profits.
- Ripple may provide certain investors more frequent or detailed reports, special compensation arrangements and withdrawal or redemption rights that it does not provide to other investors or clients.

General Risks

- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that Ripple must devote to regulatory compliance, to the detriment of investment activities.
- Ripple is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. Ripple believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, Ripple and the Funds could be subject to expensive and distracting legal action and potential termination. In addition, Fund investors do not have certain regulatory protection that they would have if these registrations were in place.
- Ripple's activities could cause adverse tax consequences to investors, including liability for interest and penalties.
- Ripple's activities may cause a Fund that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- Ripple and its affiliates may spend time on activities that compete with the Master Fund or distract them from managing the Master Fund without accountability to Fund investors, including investing for other clients and their own accounts. If Ripple receives better compensation and other benefits from these activities compared to managing the Master Fund, it has incentive to allocate more time to those other activities. These factors could influence Ripple not to make investments on the Master Fund's behalf even if such investments would benefit the Master Fund, or otherwise reduce the time Ripple or its affiliates spend managing the Master Fund.

The above is only a brief summary of some risks that a Fund investor may encounter. Before deciding to invest in a Fund, prospective investors should consider carefully all of the risk factors and other information in the Fund's offering circular or private offering memorandum.

Item 9. Disciplinary Information

This Item is not applicable, because Ripple has no reportable disciplinary information.

Item 10. Other Financial Industry Activities and Affiliations

This Item is not applicable, because Ripple has no reportable other financial industry activities or affiliations.

Item 11. Code of Ethics, Participation or Interest In Client Transactions and Personal Trading

Ripple has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for Ripple's supervised persons. The Code of Ethics includes general requirements that Ripple's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to Ripple's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of Ripple receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of Ripple's Code of Ethics by contacting Robert A. McTamane, III at bobby@ripplecap.com.

Under Ripple's Code of Ethics, Ripple and its partners, officers and employees may personally invest in securities of the same classes as Ripple purchases for clients and may own securities of issuers whose securities that Ripple subsequently purchases for clients. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a client account to profit personally by the market effect of such transactions and recommendations. To address this conflict, except as described in Item 12 regarding aggregating securities transactions, if Ripple purchases or sells a security for clients and any of Ripple and its partners, officers and employees on the same day, either the clients and Ripple and its partners, officers and employees pay or receive the same price, or the clients receive the more favorable price. Ripple and its partners, officers and employees may also buy or sell specific securities for their own accounts based on personal investment considerations aside from company or industry fundamentals, which Ripple does not believe appropriate to buy or sell for clients.

Ripple solicits investors who may or may not be Ripple's clients to invest in its Funds. Ripple has an incentive to cause a client to invest in a Fund instead of an individually managed account because of the reduced expenses and administrative burdens of managing a Fund compared to an

individually managed account, Ripple's performance compensation from a limited partnership receives more favorable tax treatment than that from an individually managed account and Fund investors have less transparency and liquidity than individual account clients. In addition, if a Fund investor also has an individually managed account with Ripple that uses an investment strategy that is similar to that of the Fund, the investor may use knowledge of the other account's portfolio to decide if and when to make an additional investment or withdraw or redeem assets from the Fund at times when other Fund investors would have made similar decisions had they had similar transparency. Ripple discloses these conflicts of interest to clients and investors.

Because Ripple may manage more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, Ripple selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. Ripple may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Ripple may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client. Ripple is not obligated to acquire for any account any security or commodity that Ripple or its partners, officers or employees may acquire for its or their own accounts or for any other client, if in Ripple's absolute discretion, it is not practical or desirable to acquire a position in such security or commodity for that account.

Item 12. Brokerage Practices

Ripple has complete discretion in selecting the broker or FCM that it uses for client transactions and the commission rates that clients pay such brokers and FCMs. In selecting a broker or FCM for any transaction or series of transactions, Ripple may consider a number of factors, including, for example:

- net price, clearance, settlement and reputation;
- financial strength and stability;
- confidentiality;
- efficiency of execution and error resolution;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- on line pricing;
- special execution capabilities;
- outsourced trading services;
- order of call;
- offering to Ripple on-line access to computerized data regarding clients' accounts;
- computerized trading systems;
- the availability of stocks to borrow for short trades;
- willingness to commit capital; and
- knowledge of market participants.

Ripple may receive products or services from a broker or FCM or allow a broker or FCM to pay for the following:

- custody and recordkeeping;
- capital introduction services;
- research reports, services and conferences, including third party research fees;
- market and/or technical data (for example, Bloomberg and Reuters);
- portfolio and risk management software;
- performance measurement data;
- news wire and data processing charges;
- portfolio strategy advice;
- industry and company comments;
- office equipment (including computer hardware and software);
- administrative services and assistance;
- proxy voting services;
- telephone and utility charges
- quotation services;
- periodical subscription fees;
- government and self-regulatory filing fees (including but not limited to filings under section 13 of the Securities Exchange Act of 1934, as amended, and Form PF);
- accounting and administrative fees;
- legal fees;
- costs and expenses of offering and selling Fund interests and communicating with existing and prospective investors (including travel expenses, such as airfare, hotel accommodations and meals;
- costs and expenses incurred in visiting companies and attending research conferences (including airfare, hotel accommodations and meals); and
- trade cost analysis reporting.

Ripple may receive soft dollar credits based on principal, as well as agency, securities and commodities transactions with brokers and FCMs or direct a broker or FCM that executes transactions to share some of its commissions with a broker or FCM that provides soft dollar benefits to Ripple.

Ripple may allocate the costs of certain computer equipment and software used for both research and brokerage (on the one hand) and non-research and non-brokerage (on the other hand) between their research/brokerage uses and non-research/brokerage uses, and use soft dollars to pay only for the portion that Ripple allocates to research uses.

Ripple has retained Goldman, Sachs & Co. (Goldman Sachs) to serve as the Funds' prime broker and custodian. Ripple may replace that firm or appoint an additional prime broker and custodian at any time. The services that Goldman Sachs currently provides as prime broker and custodian may include custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements entered into between each Fund and that firm. Goldman Sachs' address is 200 West Street, New York, New York

10282. Goldman Sachs has custody of most of the Funds' assets and provides Ripple with other services. These services may include: technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), portfolio reporting and access to electronic communications networks. Goldman Sachs also may, at its discretion, provide capital introduction services. Ripple expects to use a substantial portion of these services for research and trading on behalf of the Funds, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if Ripple did not receive these services from Goldman Sachs, Ripple would be required to pay for all or some portion of them. Ripple is not required to direct a particular number of trades to Goldman Sachs or to continue to use it as the Funds' custodian, but it has an incentive to do so based on its prior and continued services.

Each Fund's obligations to those custodians and their affiliates will be secured by a first priority perfected security interest over all of the Fund's assets held in custody by them and their affiliates. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes. If any such transfer occurs, the Fund will rank as such custodian's (or affiliate's) unsecured creditor. If such custodian or affiliate becomes insolvent, the Fund may not be able to recover such equivalent securities in full. In addition, the Fund's cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the Fund will therefore rank as an unsecured creditor in relation thereto.

If any of a Fund's investments are registered in the name of a custodian or its affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or affiliate becomes insolvent, the Fund may not be able to recover such equivalent investments in full.

As noted above, Goldman Sachs currently serves as prime broker to the Funds. In addition, Ripple pays Goldman Sachs to use certain office space. Goldman Sachs provides office space together with related services, which may include telephone and data network infrastructure and maintenance, receptionist, mailroom and technical support, office furniture, telephone equipment and usage, cable service, food and beverage services, access to common market data, computer equipment and copiers, and shared use of common areas. The office space and related services that Goldman Sachs provides to Ripple may be on terms, including fees, that are more advantageous than the terms on which Ripple could obtain such services from other vendors. The fact that office space and related services are being so provided to Ripple by Goldman Sachs may be a factor when Ripple selects its prime brokers to execute the Funds' portfolio transactions. To the extent that the amount Ripple pays Goldman Sachs for office space and related services is at a rate lower than the rate that would be charged by a third party for those goods and services, Ripple could be deemed to be using "soft" or commission dollars to pay for them.

Ripple may select a broker to act as a "trading broker" for a client. In such cases, Ripple or the trading broker may select the executing broker, and the trading broker would then place or

manage the order. The trading broker is compensated (through commissions or otherwise) for this trading service in addition to the commissions paid to the executing brokers. As with all soft dollar arrangements, using a trading broker in this manner causes the client to pay brokerage commissions, mark-ups and other transactions fees that are higher than might otherwise be paid if brokers were selected solely based on lowest execution cost. In addition, using a trading broker (rather than an employee of Ripple) to provide those services may allow Ripple to reduce its own personnel expenses.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If Ripple uses commission dollars to pay for products or services that provide administrative or other nonresearch assistance to itself or its affiliates, such payments may not fall within the section 28(e) safe harbor.

Ripple may pay to a broker or FCM commissions and mark-ups that exceed those that another broker or FCM might charge for effecting the same transaction because of the value of the brokerage, research, other services and soft dollar relationships that such broker or FCM provides. Ripple determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research, other services and soft dollar relationships, in terms of either the specific transaction or Ripple's overall fiduciary duty to its clients. A Fund may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from Ripple's brokerage relationships benefit Ripple's operations as a whole and the Funds, including those that do not generate the soft dollars that pay for such research. Ripple does not allocate soft dollar benefits to the Funds proportionately to the soft dollar credits that the Funds generate.

Ripple's relationships with brokers and FCMs that provide soft dollar services influence Ripple's judgment and create conflicts of interest in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. Ripple has an incentive to select or recommend a broker or FCM based on Ripple's interest in receiving soft dollar services rather than clients' interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that Ripple uses soft dollars to pay expenses it would otherwise be required to pay itself.

Ripple addresses these conflicts of interest by annually evaluating the trade execution services that Ripple receives from the brokers and FCMs that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers and FCMs. Ripple considers, among other things, alternative market makers and market centers, the quality of execution services, the value of continuing with various soft dollar services and adding or removing brokers or FCMs, increasing or decreasing targets for each broker or FCM and the appropriate level of commission rates.

Ripple may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other accounts that Ripple manages or with accounts of its affiliates. In such event, Ripple may charge or credit a client, the average transaction price of all securities purchased or sold in such transactions. As a result, however, the price may be less favorable to the client than it would be if Ripple were not executing similar transactions concurrently for other accounts. Ripple may also cause a client to buy or sell securities directly from or to another client, if such a cross-transaction is in the interests of both clients.

Ripple may direct a certain amount of brokerage to a broker or FCM in return for the broker's or FCM's referral of prospective clients or investors. Directing brokerage to a broker in exchange for client or investor referrals creates a conflict of interest in that Ripple has an incentive to refer its clients' brokerage business to brokers to which it might not otherwise direct transactions. Ripple has policies and procedures to review its brokerage practices regularly, including its use of brokers from which Ripple receives client or investor introductions.

Item 13. Review of Accounts

Ripple's co-founder, Robert A. McTamane, III, generally reviews all accounts weekly. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. Each Fund investor receives a quarterly letter stating performance for the quarter and an annual letter discussing annual performance and investment outlook.

Item 14. Client Referrals and Other Compensation

Ripple may engage solicitors to whom it pays cash or a portion of the advisory fees paid by clients referred to it by those solicitors. In such cases, this practice is disclosed in writing to the client and Ripple complies with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940, to the extent required by applicable law.

Item 15. Custody

Not applicable.

Item 16. Investment Discretion

Ripple has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in each Fund's limited partnership agreement or a limited power of attorney in each client's account agreement. Except for Ripple's limited partnership clients, such discretion is limited by the requirement that clients advise Ripple of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify Ripple in writing if the client considers any investments recommended or made for the account to violate such objectives or restrictions. A client may at any time direct Ripple to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify Ripple at any time not to invest any funds in the client's account in specific securities or specific categories of securities.

Item 17. Voting Client Securities

Ripple decides whether to vote proxies on behalf of each account over which Ripple has proxy voting authority after considering whether the proposal will have a material effect on the account's investment strategy. This analysis frequently leads Ripple to not vote proxies. In determining whether a proposal serves an account's best interests, Ripple considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

Ripple abstains from voting proxies when Ripple believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between Ripple and a client, Ripple will vote all proxies in accordance with the policy described above. If Ripple determines that this policy does not adequately address the conflict of interest, Ripple will notify the client of the conflict and request that the client consent to Ripple's intended response to the proxy solicitation. If the client consents to Ripple's intended response or fails to respond to the notice within a reasonable time specified in the notice, Ripple will vote the proxy as described in the notice. If the client objects in writing to Ripple's intended response, Ripple will vote the proxy as the client directs.

A client can obtain a copy of Ripple's proxy voting policy and a record of votes cast by Ripple on behalf of that client by contacting Ripple.

Item 18. Financial Information

This Item is not applicable, because Ripple is not required to report financial information.

Item 19. Requirements for State-Registered Advisers

All of the information required by this Item is disclosed in Ripple's Form ADV, Part 2B.

Privacy Policy

Ripple and the Funds:

- collect non-public personal information about their clients and investors from the following sources:
 - information received from clients or investors on applications or other forms, and
 - information about clients' or investors' transactions with Ripple, its affiliates or others;
- do not disclose any non-public personal information about their clients or investors or former clients or investors to anyone, except as permitted by law;
- restrict access to non-public personal information about their clients and investors to their employees who need to know that information to provide services to clients; and
- maintain physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.

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