

Portolan Capital Management, LLC
Two International Place, 26th Floor
Boston, MA 02110
(617) 753-6400
October 31, 2014

This Brochure provides information about the qualifications and business practices of Portolan Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (617) 753-6400 or nbonner@portolan.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Portolan Capital Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

Item 2 – Material Changes

- Not applicable

Item 3 -Table of Contents

Item 2 – Material Changes	ii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 – Disciplinary Information	12
Item 10 – Other Financial Industry Activities and Affiliations.....	12
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	12
Item 12 – Brokerage Practices.....	14
Item 13 – Review of Accounts	16
Item 14 – Client Referrals and Other Compensation	17
Item 15 – Custody	17
Item 16 – Investment Discretion	17
Item 17 – Voting Client Securities	17
Item 18 – Financial Information.....	18
Item 19 – Requirements for State-Registered Advisers.....	18

Brochure

Supplement(s)

Item 4 – Advisory Business

Portolan Capital Management, LLC (hereinafter “Portolan”) is an SEC-registered investment advisor founded by George McCabe, the portfolio manager, in November, 2004, located in Boston, Massachusetts. George McCabe is the principal owner of Portolan.

Portolan exercises discretionary authority in providing portfolio management services to private investment funds (the “Funds”) and to clients (the “Separate Account Clients” and together with the Funds, the “Clients”) with separately managed accounts (“Separate Accounts”). Its services consist primarily of identifying and evaluating investment opportunities, making investments, managing and monitoring investments and disposing of investments.

Portolan’s investment services focus on seeking long-term capital appreciation from a group of global equity investments, although certain strategies may engage in short selling and/or leverage as described below. The investment strategies for each of the Funds and Separate Accounts managed by Portolan are as follows:

Portolan Pilot Fund, LP and Portolan Pilot Master Fund, Ltd.

The Portolan Pilot Fund, LP (the “Pilot Fund”), a Delaware limited partnership, operates as a “feeder” company in a “master-feeder” type structure managed by Portolan. Under this structure, the Pilot Fund seeks to achieve its investment objectives by investing substantially all of its respective assets in another fund, the Portolan Pilot Master Fund, Ltd. (the “Master Fund”), a Cayman Islands exempted company, which is also managed by Portolan.

The Pilot Fund seeks to achieve long-term capital appreciation from a long-bias portfolio of equity investments. The Pilot Fund invests indirectly through the Master Fund, which invests in a relatively large number of common stocks of companies across multiple industries. The Master Fund invests in companies of all market capitalizations, but generally favors investments in companies that have smaller capitalization. Portolan makes both “growth” and “value” oriented investments in companies that it believes to be attractive businesses with favorable valuations, based on its analysis of company fundamentals. The portfolio of the Master Fund generally contains in excess of 100 holdings with individual positions generally not exceeding 5% of the total portfolio at the time of investment. Portolan may, from time to time, invest greater than 5% of the Master Fund’s total portfolio in a single security where it deems there to be opportunity for investment return that merits a greater concentration in a position. The Master Fund generally maintains predominately long holdings, but also holds short positions as opportunities arise. Shorting is intended as an opportunity to generate investment returns and will

generally not be employed as a hedge against the overall movement of the market, although it may serve to reduce exposure to market conditions. The Master Fund may invest in initial public offerings (“IPOs”) and other new issues, and does so through a segregated account to the extent Portolan deems necessary or appropriate, including to comply with applicable law or regulation. Portolan also reserves the right to invest in money market instruments and to hold cash uninvested if it deems such investments to be in the best interest of the Master Fund.

Portolan Equity Fund, LP and Portolan Equity Offshore Fund, Ltd.

Portolan Equity Fund, LP, (the “Equity Fund”) (formerly known as Portolan Pilot Long Only Fund, LP) a Delaware limited partnership, and Portolan Equity Offshore Fund, Ltd. (the “Equity Offshore Fund”), a Cayman Island exempted company formed in December 2013 are managed by Portolan. The Equity Offshore Fund operates as a “feeder” company to the Equity Fund and seeks to achieve its investment objectives by investing substantially all of its assets in the Equity Fund. Interests in the Equity Offshore Fund are offered only to U.S. tax-exempt investors and investors who are not U.S. persons.

The Equity Fund seeks to achieve long-term capital appreciation from a portfolio of equity investments. The Equity Fund will invest in companies of all market capitalizations, but will generally favor investments in companies that have smaller capitalizations.

The Equity Fund expects to invest in a relatively large number of common stocks of companies across multiple industries. The Equity Fund will generally favor smaller capitalization stocks, but expects to invest in a range of companies from micro-capitalization to large-capitalization. Portolan will cause the Equity Fund to make both “growth” and “value” oriented investments in companies that it believes to be attractive businesses with favorable valuations, based on its analysis of company fundamentals.

The portfolio of the Equity Fund will generally contain between 50 and 100 holdings with individual positions generally not exceeding 5% of the total portfolio at the time of investment, however, Portolan may, in its sole discretion, cause the Equity Fund to hold fewer than 50 holdings or greater than 100 holdings if it deems this is in the best interest of the Equity Fund. Portolan may, from time to time, invest greater than 5% of the Equity Fund’s total portfolio in a single security where it deems there to be opportunity for investment return that merits a greater concentration in a position. The Equity Fund’s investment in any company, including a company with a small capitalization, may represent any proportion of such company’s capitalization, as determined by Portolan, in its sole discretion.

Portolan also reserves the right to invest in money market instruments and to hold cash uninvested if it deems such investments to be in the best interest of the Equity Fund.

Separate Accounts

Portolan generally requires a minimum asset level of \$20,000,000 to manage a Separate Account. Portolan may, in its sole discretion, waive or reduce this minimum and may also elect not to take on additional Separate Accounts. Client agreements will include investment objectives and restrictions that may vary and may restrict the use of certain strategies or techniques (such as restricting or prohibiting the use of derivatives, participation in IPOs and prohibiting borrowing to leverage the portfolio).

With respect to Separate Accounts, Portolan generally seeks to achieve long-term capital appreciation primarily from a portfolio of equity investments subject to the applicable agreement with the Client which may impose specific objectives and restrictions. Portolan generally invests the assets of the Separate Accounts in companies of all market capitalizations, ranging from micro-capitalization to large-capitalization companies, based on company fundamentals and expects to be opportunistic in its investment selection. Portolan generally invests the assets of Separate Accounts in a relatively large number of common stocks across multiple industries and will make both “growth” and “value” oriented investments in companies that it believes to be attractive business with favorable valuations. Generally, each Separate Account contains in excess of 100 holdings with large positions not exceeding 5% of the total assets at the time of investment. There may be periods where an account’s assets are not fully invested if Portolan does not view individual company valuations as favorable. During such periods, such account’s assets may be retained in cash or short-term investments in Portolan’s sole discretion. In some cases, Portolan also may invest to a limited extent, from time to time, in options on securities, options on indexes and securities bearing a fixed, variable, or floating rate of interest.

As of September 30, 2014, Portolan had net assets under management of \$504 million, all of which are on a discretionary basis, of which \$297 million relates to the net assets of the Funds and \$207 million, relates to the net assets of the Separate Accounts.

Item 5 – Fees and Compensation

Portolan generally charges Clients both performance-based fees and asset-based management fees for managing their respective portfolios. Performance-based fees are charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

Portolan Pilot Fund, LP

With respect to each limited partner in the Pilot Fund, Portolan receives a management fee paid out of the assets of the Pilot Fund. Such management fee is payable quarterly in advance on the first day of each fiscal quarter at a rate equal to 1/4th of 1.5% (i.e., 1.5% annualized) of the capital account of such limited partner of the Pilot Fund at the end of the preceding quarter (after taking into account any contributions or withdrawals as of such date). Portolan may, in its sole discretion, waive or reduce such management fee with respect to certain limited partners in the Pilot Fund. Additionally, Portolan Investments, LLC, a Delaware limited liability company, an affiliate of Portolan and the general partner of the Pilot Fund (the “General Partner”), is allocated a special share of the profits of the Pilot Fund, with respect to each limited partner of the Pilot Fund, calculated at the end of each fiscal year or such shorter period upon any withdrawal. This special allocation is equal to 20% of the net increase in the value of the limited partnership interests of the applicable limited partner over the relevant fiscal year, reduced in accordance with traditional high watermark treatment. The General Partner may, in its sole discretion, waive or reduce such special allocation with respect to certain limited partners in the Pilot Fund.

Portolan Equity Fund, LP

The Equity Fund offers two separate series of interests (“Series A Interests” and “Series B Interests”) each with a different management fee. With respect to each limited partner investing in Series A Interests, Portolan receives a management fee payable quarterly in advance on the first day of each fiscal quarter at a rate equal to 1/4th of 2% (2% annualized) of the net asset value of each series of interests at the end of the preceding quarter (after taking into account any subscriptions or redemptions as of such date). With respect to each limited partner investing in Series B Interests, Portolan receives a management fee payable quarterly in advance on the first day of each fiscal quarter at a rate equal to 1/4th of 1.5% (1.5% annualized) on the net asset value of each series of interests at the end of the preceding quarter (after taking into account any subscriptions or redemptions as of such date).

In addition, as of the end of each fiscal year of the Equity Fund, the General Partner will be allocated a special share of the profits of the Equity Fund (the “Special Allocation”) with respect to each limited partner’s Series B Interests, calculated at the end of each fiscal year. The Special Allocation will be equal to 10% of the amount by which the increase (if any) in the value of the applicable limited partner’s Series B Interests exceeds the total return of the Russell 3000 Index for such period, as reported by Russell Investments (the “Index Total Return”) reduced in accordance with traditional high watermark treatment. Portolan may, in its sole discretion, waive or reduce the management fee or the special allocation fee otherwise due with respect to certain limited partners in the Equity Fund

Portolan Equity Offshore Fund, Ltd.

The Equity Offshore Fund offers two separate series of shares ("Series A Shares" and "Series B Shares"). Series A Shares and Series B Shares in the Equity Offshore Fund correspond to Series A Interests and Series B Interests in the Equity Fund. No management fee is charged at the Equity Offshore Fund level, however, the Equity Offshore Fund is charged a management fee and a Special Allocation with respect to its investments in the Equity Offshore Fund, and such management fee and special allocation are allocated to the applicable investors in the Equity Offshore Fund.

Separate Accounts

Portolan generally receives management fees with respect to the Separate Accounts it manages. Such management fees typically range from between an annual rate of .50% to 2.0% of the net assets maintained in a Separate Account. Such management fees are typically payable monthly to Portolan, in arrears. In addition, Separate Accounts may be charged a performance fee, which is negotiated with each Separate Account Client individually. Such performance fees are typically equal to 10% of the amount that returns of the Separate Account outperform an agreed index and, in certain circumstances, an additional negotiated rate, and the payment of such performance fees are not typically subject to high watermark treatment.

Management fees are prorated for each capital contribution and withdrawal made during the applicable month (with the exception of de minimis contributions and withdrawals). Separate Accounts initiated or terminated during a month are charged a prorated management fee. Upon termination of any Separate Account, any prepaid, unearned management fees are promptly refunded, and any earned, unpaid management fees are due and payable.

Clients may elect to be billed directly for fees or to authorize Portolan to directly debit fees from the Client's Separate Account. Portolan negotiates its fees individually with each Separate Account Client and the specific fees for each Separate Account Client will be set forth in the Client's respective advisory agreement.

Portolan's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds in which Client assets may be invested also charge internal management fees, which are disclosed in

a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Portolan's fee, and Portolan shall not receive any portion of these commissions, fees, and costs.

Additional information about the matters addressed in Item 5 may be found below in Item 12 and in the offering materials relating to the Funds.

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

As described above under Item 5. Fees and Compensation, Portolan has entered into performance fee arrangements with its Clients (including Funds), however these fees are at different rates and use different formulas for calculation. Portolan structures any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3 under the Advisers Act. In measuring investors' assets for the calculation of performance-based fees, Portolan includes realized and unrealized capital gains and losses. Performance-based fee arrangements may create an incentive for Portolan to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Which account pays higher fees may also change over time, depending on the effects of measurement periods, high watermarks and other elements of the negotiated arrangements. Accordingly, incentives and possible conflicts may shift from time to time. To mitigate these risks, Portolan has procedures designed and implemented to provide for fair and equitable allocation of investments and transactions among Clients. Pursuant to these policies, Portolan takes into account such factors as the investment objectives, guidelines and restrictions applicable to the Client's account, anticipated subscriptions and redemptions and other liquidity requirements, the size of an available investment, the supply or demand for a particular security at a given price level, and the investment programs and portfolio positions of each Client, including any differing regulatory, tax, investment and other considerations.

Item 7 – Types of Clients

Portolan's Separate Account Clients and investors in the Funds are typically high net worth individuals, charitable institutions, and foundations. Investors in the Funds must meet certain criteria set forth in the applicable offering documents.

The standard minimum initial investment required to invest is set forth below, however, Portolan reserves the right to reduce these minimum amounts in its sole discretion, and

has accepted such investments in the Funds for related investors and in similar circumstances, all as deemed appropriate in its sole discretion:

- \$2 million to invest in the Pilot Fund;
- \$2 million to invest in the Equity Fund;
- \$2 million to invest in the Equity Offshore Fund; and
- \$20 million for Separate Accounts.

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

Portolan applies fundamental analysis to evaluate investment opportunities for the Funds and other Clients. Portolan places heavy emphasis on analyzing the long-term future earning power of a company relative to its current valuation in the market. In general, Portolan will seek to identify undervalued companies with improving fundamentals. Investment selection criteria for companies of all capitalizations generally fall into several categories that are not necessarily distinct. Portolan considers these elements as indicative of opportunity for attractive long-term investment. Elements that Portolan seeks in investment opportunities include, but are not limited to, the following ten broadly defined categories which are viewed as part of an overall investment strategy and not necessarily as discrete opportunities:

- Value, including companies undervalued relative to assets and earnings and related metrics including price to book, price to earnings, and price to cash flow;
- Quality Businesses, including established franchises that are leaders in their field that can achieve high operating returns on assets, businesses that have competitive advantages and barriers to entry, and companies that have respected and recognized brands in their field;
- Distressed, including companies or industries that have fallen out of favor or are under-followed by other investors or research providers;
- Contrarian, including investments that run contrary to the actions of other investors and to seek value in areas that have been ignored, abandoned or discounted by the market due to a perception of risk;
- Management, including management teams with strong execution abilities and proven track records that deploy capital efficiently and maintain discipline in operating a business;
- Improving Businesses, with a focus on improving fundamentals;
- Growth Companies, including buying growth at a reasonable price as well as paying a premium for growth when it is both sustainable and predictable, generally through a bottom-up approach to understanding the business;
- Special Situations, including investments that require thorough analysis of an event that may be company specific, macro or exogenous;

- Leaders, including companies that dominate their specialty or field in terms of market share, brand and experience; and
- Simple Businesses whose fundamentals are readily analyzable.

Portolan generates analysis of a broad number of investment opportunities across diverse industry groups through several channels. Foremost, Portolan uses internally developed research including primary contact with senior management of companies. This primary research will frequently lead to further discussion with competitors, partners, vendors, customers, as well as other shareholders. Through ongoing dialogue with management, Portolan seeks to be an informed shareholder and to understand and assess business trends as well as any changes that may occur within industries, the competitive environment, or company specific issues that can positively or negatively affect valuation over the near-term and long-term.

Idea generation comes from numerous areas and Portolan believes this to be an important element of its ability to assess a broad spectrum of investment opportunities on an ongoing basis. Portolan uses internally developed criteria combined with primary research in industries and through its industry contacts to identify investment opportunities, as well as stock screening and proprietary ranking methods. Portolan maintains relationships on both the buy and the sell-side and with research analysts in diverse industries. Portolan uses sell-side research both to assess opportunities and to assess the market's expectations relative to those opportunities. Portolan seeks to access both established and independent research boutiques in order to leverage industry research, insider transactions research, macro and economic research, track and examine new issues and secondary offerings, financing and other capital markets activities that present investment opportunities. Portolan tracks insider holdings and insider transaction patterns when it deems such information relevant. Portolan also seeks to access customized research from emerging research providers.

This investment strategy and analysis is substantially dependent upon George McCabe. Should Mr. McCabe become incapacitated or in some way cease to participate in Portolan, its ability to carry out its investment strategy could be adversely affected.

Investing in securities involves a substantial degree of risk. Clients and Fund investors may lose money. Investing with Portolan should only be made as a supplement to a complete overall investment program and only by investors able to undertake the risks involved.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in the investment strategies offered by Portolan to its Clients (including the Funds). In particular, prospective Fund investors should read the applicable Fund's offering documents and consult with their own financial advisers before making an investment.

Market Risk. Markets are subject to fluctuations, and the market value of any particular investment may be subject to substantial variation. Notwithstanding the existence of a public market for particular financial instruments, such instruments may be thinly traded or may cease to be traded after an investment is made in them. In addition to being relatively illiquid, such instruments may be issued by unstable or unseasoned issuers or may be highly speculative. No assurance can be given that investments will appreciate in value.

Small Companies Risk. While smaller companies generally have potential for rapid growth, they often involve higher risks because they lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading is substantially less than is typical of larger companies. The securities of smaller, less well-known companies may be more volatile than those of larger companies and pose greater risks. Small capitalization stocks, particularly small capitalization growth stocks, can perform differently from the markets and other types of stocks over extended periods of time. Small capitalization companies involve significantly higher liquidity risks than larger cap companies. Liquidity may decrease dramatically in small capitalization companies over both short-term and long-term periods.

Investment Selection Risk. Portolan will select investments on the basis of information and data filed by the issuers of such securities or made directly available to Portolan by the issuers of such securities and other instruments or through third-party sources. Although Portolan evaluates all such information and data and seeks independent corroboration when it considers it appropriate and when reasonably available, Portolan is not in a position to confirm the completeness, genuineness or accuracy of such information and data.

Long Equity Strategy Risk. Since a long equity strategy involves identifying securities which are generally undervalued by the marketplace, the success of this strategy necessarily depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur or which may occur over extended time frames which limit profitability. To the extent that a portfolio's assets are allocated to equity securities (common and preferred stock and warrants) and various instruments convertible into or the value of which is otherwise related to equity securities, the value of portfolio investments will fluctuate with the market value of the underlying securities.

Short sales and other derivative instruments. The use of short sales or other derivative instruments involves distinct investment risks and transaction costs. While these derivative instruments can be used to further the Client's investment objective, under certain market conditions, they can increase the volatility and decrease the liquidity of the investment. If Portolan uses these derivative instruments at inappropriate times or judges

market conditions incorrectly, such investments may lower the Client's return or result in a loss. The use of certain derivatives may have a leveraging effect on the portfolio, and the potential loss from an uncovered short position is unlimited.

Portfolio turnover. A high rate of turnover involves correspondingly greater expenses than a lower rate, may act to reduce investment gains or create a loss and may result in negative tax consequences. Additionally, due to a high turnover rate and the increased trading volume, there may be a greater likelihood of potential trading errors that may result in losses to the portfolio.

Non-diversification. There are no limitations on the amount which a portfolio may invest in the securities of any one issuer. Accordingly, the portfolio securities may be more susceptible to any single economic, political or regulatory occurrence than the portfolio securities of a diversified investment company and may experience correspondingly more volatile performance.

Leverage Risk. Subject to its agreement with a Client (including as described in the offering materials for a Fund), Portolan may leverage a portfolio's investments through traditional means (such as by borrowing money through margin accounts, lines of credit or other lending arrangements) or other direct or indirect forms of leverage (including but not limited to short sales and derivative securities) on a secured or unsecured basis for any purpose, including to increase investment capacity, cover operating expenses, make redemption or distribution payments, or for clearance of transactions. While leverage presents opportunities for increasing total return, it also has the effect of potentially increasing losses. Leverage will exaggerate the effect of any increase or decrease in the value of a portfolio's assets and, therefore, may increase the volatility of a portfolio's performance. The costs associated with leverage (such as transaction costs associated with short sales and the use of derivatives) may exceed the income received from the securities purchased or sold short through leverage. There can be no assurance that a portfolio will be able to leverage its investments effectively or that credit will be available to a portfolio at reasonable rates.

If a portfolio has insufficient cash to meet daily variations in margin or collateral requirements with respect to the use of short sales or derivatives or as a result of increases or requirements imposed by the Prime Broker or other counterparties, it may have to sell securities to meet such requirements. Should a portfolio fail to meet these requirements, the portfolio's counterparty may liquidate the portfolio's positions. In any of these cases, such sales may be made at prices or in circumstances that Portolan considers unfavorable.

Derivatives Risk. Portolan may cause a portfolio to invest in derivatives, subject to and in accordance with its agreement with a Client (including as described in the offering materials for a Fund). The use of derivative instruments subjects a portfolio to the risk of changes in the market price of the underlying security, credit risk with respect to the

counterparty to the derivative instrument and, in certain cases, the potential failure of the derivative to perform as expected. The use of derivatives may also have a leveraging effect on a portfolio.

All derivative instruments, including options, involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Accordingly, derivative products require specialized investment techniques and risk analyses that are different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to a portfolio and the ability to forecast price, interest rate or currency exchange rate movements, without the benefit of observing the performance of the derivative under all possible market conditions.

Counterparty Risk. Certain markets in which an account may effect transactions are “over the-counter” or “inter dealer” markets, and may also include unregulated private markets. The participants in such markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes an account to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing an account to suffer a loss. The amount of loss generally will be equal to any accrued net obligation of the counterparty plus the cost, if any, of replacing the agreement. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a portfolio has concentrated its transactions with a single or small group of counterparties.

The ability to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a portfolio. In addition, over-the counter transactions involve private contracts that may not be amended without the consent of the parties thereto. This means that a portfolio may not be able to close out over-the-counter positions when it would like to do so or at all. Alternatively, a portfolio may be able to do so only upon disadvantageous terms. Even when the portfolio enters listed transactions, it may not be able to close out a position when the market is illiquid.

Distressed Securities Risk. A portfolio may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Investments of this type

may involve substantial financial and business risks that can result in substantial or at times even total losses.

Illiquid/Restricted Securities Risk. Investments in certain securities may from time to time be illiquid for various reasons, including as a result of blackout periods or private placement or other restrictions, or as a result of the significant size of an interest held in a particular security by a portfolio. As a result, a portfolio may be required to hold certain investments for an indefinite period of time.

Non-U.S. Investments Risk. Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks which could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding non-U.S. issuers and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies.

Additional information about Portolan's strategy, methods of analysis and the risks of investing in each Fund may be found in the Fund's offering materials.

Item 9 – Disciplinary Information

Not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Not applicable, except that Portolan Investments, LLC, an affiliate of Portolan, is general partner of the Pilot and Equity Funds, which are both described in greater detail in Item 5 above.

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

Portolan has adopted a Code of Ethics (the "Code") in accordance with SEC Rule 204A-1 for all supervised persons of the firm. The Code is based on the principle that Portolan and its supervised persons owe a fiduciary duty to Portolan's Clients, and it includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. The Code also requires supervised person to report violations, generally to the Chief Compliance Officer, and allows the imposition of sanctions (including warning, disgorgement and termination of employment) for violations. All

supervised persons at Portolan must acknowledge and certify their compliance with the terms of the Code annually, or as amended, and at the time of the individual's hiring, including certification of compliance with applicable federal securities laws and regulations. A copy of the Code is available to Clients and prospective Clients upon request.

The personal trading provisions of the Code generally require pre-clearance from the Compliance Team for all of Portolan's employees when transacting in publicly traded securities. Pre-clearance is also required for transactions in open-ended mutual funds, approved ETFs or closed end mutual funds. Transactions in money market funds and government securities, and transactions executed in exempted accounts for which an independent fiduciary has investment discretion and which is not subject to the control or influence of the supervised person, do not require pre-clearance. In addition, the Code generally requires disclosures of all personal securities holdings and accounts upon commencement of employment and annually thereafter as well as quarterly reporting of all personal securities transactions. Pursuant to the Code, employees may not participate in initial public offerings or acquire privately placed securities without prior written approval from the compliance team.

Portolan anticipates that, in appropriate circumstances, consistent with Clients' investment objectives, it will cause accounts over which Portolan has management authority to effect, and will recommend to investment advisory Clients or prospective clients, the purchase or sale of securities in which Portolan its affiliates and/or Clients, directly or indirectly, have an interest. Supervised persons of Portolan may trade for their own accounts in securities which are recommended to and/or purchased for Portolan's Clients, subject to requirements of pre-clearance under the Code. In certain circumstances, these proposed transactions may be requested by supervised persons at or about the same time that they are recommended for Clients, and in this case the compliance team would not expect to approve the transaction. Specifically, any supervised person requesting pre-clearance of a proposed transaction must represent, among other things, that to the best of his/her knowledge, either (i) Portolan has no foreseeable interest in investing in the security for Clients or (ii) the proposed transaction is of a type and size that it cannot be expected to have any impact on the investment performance of any Client. The compliance team may also request additional information, and may consult with the investment team, prior to rendering a decision.

Certain inherent conflicts of interest also arise from the fact that, in addition to their respective obligations with respect to each Client, Portolan and its supervised persons may carry on investment activities for other Client accounts, for their own accounts and for family members and others. Portolan and its affiliates may give advice and recommend securities to, or buy securities for, Clients and others which advice or securities may differ from advice given to, or securities recommended or bought for, any particular Client, even though their investment objectives may be the same or similar. Further investment activities of Portolan and its affiliates (including investment in differing strategies that

include selling securities short and other trading strategies) may give rise to additional conflicts of interest. Portolan does not effect principal transactions with a Client without the consent of the Client in accordance with Portolan's compliance policies.

In the case of all conflicts of interest, Portolan determines which factors are relevant and addresses the conflict using its best judgment and in its sole discretion. In addressing conflicts, Portolan may consider various factors, both short-term and long-term. When conflicts arise, the following factors are designed to mitigate, but will not eliminate, conflicts of interest: Portolan will not effect a transaction for a Client account unless it believes that such transaction is appropriate considered solely from the viewpoint of the Fund or as expressed by a Separate Account Client; Portolan has implemented and maintains a compliance program that seeks to establish procedures to identify, address and resolve conflicts and potential conflicts; and Portolan disclosed key potential conflicts in the offering materials with respect to its Funds so that prior to subscribing for interests in the Funds, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

Item 12 – Brokerage Practices

Portolan assumes general supervision over placement of securities orders for the Client portfolios it manages. In selecting a broker-dealer for a specific transaction, Portolan evaluates a variety of criteria and seeks to obtain "best execution" after consideration of factors such as execution price, reasonableness of commissions, size and type of the transaction, speed of execution, anonymity, transaction settlement, financial condition of the broker-dealer, and reliability and efficiency of electronic trading systems. Portolan may also consider a broker-dealer's arranging for participation in road shows and similar access to the management teams of various issuers, the broker-dealer's arranging for access to the research capabilities of the broker-dealer, the effectiveness of industry and company research provided by the broker-dealer and the quality of ideas and analysis provided by the broker-dealer.

On occasion, Portolan will direct trades in over-the-counter securities on an agency basis through Electronic Communication Network Systems ("ECNs") rather than directing them to a market-maker or a dealer on a principal basis, if Portolan believes that use of the ECNs will provide best execution for the Client, either because Portolan believes that by using the ECNs either it can obtain a better price or better access to thinly traded securities that may not be available (or as available) in other markets, or it can better effect a trading strategy because of the anonymity that trading on the ECNs provides, or in other circumstances because of the facility for block trading.

Clients may pay commissions higher than those obtainable from other broker-dealers in return for the above-described considerations when Portolan determines in good faith that the commissions charged are reasonable relative to the value of the brokerage and

research products and services provided by such broker. Portolan monitors its trading activity to measure trade execution quality including comparing prices paid by Portolan with prices in the market. Portolan also uses a broker vote system to obtain qualitative information from its investment and trading team regarding the execution, research and other products and services provided by brokers.

Portolan uses soft dollars for services and products in connection with the execution of transactions, consistent with Section 28(e) of the Securities and Exchange Act of 1934, as amended. Portolan may acquire research, analytical, statistical and quotation services, data, information and other services and products that will assist Portolan in the performance of its investment responsibilities with soft dollars that are generated from Client brokerage transactions, provided that receipt of such services does not compromise Portolan's obligation to seek the best overall execution for its Clients. More specifically, the services paid for using soft dollars may include, but are not limited to, Bloomberg, industry specific periodicals, quotation feeds from the NYSE and other markets and research on markets, industries or companies, and specific trade conferences for investment research. Portolan does not currently acquire any products or services with soft dollars that have nonresearch or nonbrokerage uses and therefore has not engaged in mixed use allocations.

Portolan may receive research services and products from broker-dealer firms with which Portolan places portfolio transactions or from third parties with which these broker-dealers have arrangements; however, Portolan may acquire research from third parties with soft dollars generated from Client transactions only if either (i) the obligation to pay for the services or products rests with the executing broker-dealer, and not Portolan, or (ii) the executing broker-dealer is not directly obligated to pay for the services or products, but pays the third party provider and assures itself that the brokerage commissions directed to it are used only for eligible services and products. The Chief Compliance Officer approves all new soft dollar arrangements and reviews all soft dollar arrangements on an ongoing basis.

When Portolan uses Client brokerage commissions to obtain research or other products or services, Portolan will receive a benefit because it will not have to produce or pay directly for the research, products or services that are provided. As a result, Portolan may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution.

All research services received from broker-dealers to whom commissions are paid are used collectively. There is no direct relationship between commissions received by a broker-dealer from a particular Client's transactions and the use for any or all of that broker-dealer's research material in relation to that Client's account. Portolan may pay a broker-dealer a brokerage commission in excess of that which another broker-dealer might have charged for the same transaction in recognition of research and brokerage related services provided by the broker-dealer.

The Funds' prime brokers and other brokers may, in addition to their services (and not for any additional compensation), sponsor conferences or seminars or provide so-called "capital introduction services" in which consultants and prospective institutional investors may be introduced to Portolan, consistent with private placement limitations. Portolan does not consider whether it or a related person receives capital introduction services or other client referrals from a broker-dealer or third party in selecting or recommending broker-dealers.

Portolan does not recommend, request or require that a Client direct Portolan to execute transactions through a specified broker-dealer. In cases where a Client directs Portolan to use a specified broker-dealer(s) to execute all or a portion of their transactions, Portolan will use the broker dealer as directed by the Client. When a Client directs Portolan to use a particular broker, Portolan does not negotiate commissions and the Client may pay a higher commission. In addition, the transactions generally cannot be included in "block trades" which could have produced lower commissions due to volume discounts. Accordingly, when a Client directs the use of a particular broker, transactions for such Client may not receive best execution.

Portolan frequently purchases or sells the same securities for more than one Client account at the same time. In determining whether or not a Client account will participate in a "block" or aggregated purchase or sale of a particular security, Portolan considers investment objectives, guidelines and restrictions applicable to the Client's account, anticipated subscriptions and redemptions and other liquidity requirements, the size of an available investment, the supply or demand for a particular security at a given price level, and the investment programs and portfolio positions of each Client, including any differing regulatory, tax, investment and other considerations. To identify and mitigate potential conflicts associated with trades that are not aggregated or Clients not participating in aggregated trades, aggregated trades are monitored in accordance with Portolan's compliance policies.

In the event Portolan aggregates purchase and sale orders for accounts under its management, all Client accounts that participate in an aggregated trade receive the average share price for all transactions executed for the aggregated trade order during that trading day and all accounts share in the commissions and other transaction costs relating to such trade order on a pro rata basis.

Item 13 – Review of Accounts

Funds and other Client accounts are reviewed for position size and the appropriateness of the continued holding of such positions at such sizes by the Chief Investment Officer and/or the trader no less frequently than weekly. The Chief Financial Officer, or his or her designee, also engages in pre- and post-trade review, and no less frequently than monthly

monitors compliance with specific investment guidelines and restrictions for each such account.

Investors in the Funds receive unaudited written performance reports on a monthly basis, and annual audited financial statements. In addition, from time to time Portolan prepares a letter to investors that discusses various investment matters; however, these letters are not provided on a routine basis. Clients with Separately Managed Accounts receive information from their custodian, and do not receive separate reports from Portolan although they may consult with Portolan (primarily the Chief Investment Officer) from time to time.

Item 14 – Client Referrals and Other Compensation

Not applicable.

Item 15 – Custody

Not applicable.

Item 16 – Investment Discretion

Portolan's fiduciary duty requires it to give investment advice that is suitable and appropriate to a particular Client, and to have an adequate basis in fact for its investment recommendations. Separate Account Clients typically grant Portolan discretionary authority to select the identity and amount of securities and other investments to be bought or sold pursuant to their advisory agreements with Portolan, and grant Portolan a limited power of attorney to execute transactions in their account. In all cases, the advisory agreements provide that such discretion is to be exercised in a manner consistent with the stated investment objectives and restrictions for the particular Client account.

Portolan has discretionary authority over the purchase and sale decisions for the Pilot Fund, Master Fund, and Equity Fund and Equity Offshore Fund pursuant to the organizational documents of each Fund and as described in its offering materials, which also establish and describe the investment objectives and restrictions for the particular Fund.

Item 17 – Voting Client Securities

Portolan may be authorized to vote proxies for shares held in Clients' accounts, although Clients may in the alternative retain the right to vote the shares. Portolan's authority in either case is initially established by advisory contracts or comparable documents.

Portolan maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting, including disclosure of potential conflicts of interest. Where Portolan has discretion to act with respect to proxies, Portolan has entered into a service agreement with an independent third party to vote Client proxies. Portolan has established guidelines, working with its agent, and the agent votes in accordance with Portolan's guidelines, consulting with Portolan for specific direction when the guidelines do not address a circumstance or are unclear. Clients may contact Portolan directly at the address on the cover to obtain a copy of its proxy voting policies and for information on how proxies were voted for their accounts.

Item 18 – Financial Information

Not applicable.

Item 19 – Requirements for State-Registered Advisers

Not applicable.