

**TENSILE CAPITAL MANAGEMENT LLC**

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**Part 2A of Form ADV: Firm Brochure**

March 28, 2014

This brochure provides information about the qualifications and business practices of Tensile Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 415-830-8160. 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of Tensile Capital Management LLC or its personnel.

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

## **Item 2 – Material Changes**

This brochure dated March 28, 2014 has been prepared by Tensile Capital Management LLC as an amendment to the prior version of its brochure, dated March 28, 2013.

Item 2 discusses only material changes to the brochure since such prior version. There have been no material changes since the last brochure.

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#### Item 4 – Advisory Business

- A. Tensile Capital Management LLC (the “Registrant”), a Delaware limited liability company, is an investment adviser headquartered in San Francisco, California. The Registrant, which commenced operations on July 1, 2012, serves as the sole investment adviser to three (3) pooled investment vehicles (each, a “Fund”): Tensile Capital Partners LP, Tensile Capital Partners Offshore Fund Ltd. and Tensile Capital Partners Master Fund LP (the “Master Fund”). Each of the Funds is exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), pursuant to Section 3(c)(7) thereof. Interests in the Funds are privately offered only to certain qualified investors. Additionally, the Registrant may serve as the investment adviser to managed accounts (“Separate Accounts”, and, together with the “Fund”, “Clients”).

An affiliate of the Registrant, Tensile Capital GP LLC, serves as the general partner of those Funds organized as limited partnerships. The advisory services of the Registrant and Tensile Capital GP LLC, as an affiliated investment adviser, are described in this brochure. Tensile Capital GP LLC is deemed registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Registrant’s registration in accordance with SEC guidance, and the information set forth herein regarding the investment advisory services provided by the Registrant shall also apply in respect of Tensile Capital GP LLC (referred to herein as, the “General Partner”).

The General Partner may be entitled to receive performance compensation from such Funds, as discussed further in Item 6.

Mr. Douglas J. Dossey and Arthur C. Young (each a “Managing Partner”) founded the Registrant in 2012. Together, Mr. Dossey and Young have a beneficial ownership of the Registrant that exceeds 75%. Currently, the Registrant has approximately 8 employees, excluding clerical employees, 6 of whom perform investment advisory functions and none of whom are registered representatives of a broker-dealer.

- B. The Registrant provides discretionary investment advisory services through a master-feeder structure to entities that are pooled investment vehicles and Separate Accounts. The Clients’ investment strategy is to achieve capital appreciation through long-term investing in a concentrated portfolio of undervalued publicly-traded securities and select private investments. The Clients may engage in the purchase and sale of a broad range of investment interests and securities. Securities traded may include equity, equity-related, hybrid and credit securities that are traded publicly and privately in US and non-US markets, in addition to illiquid securities such as restricted securities of public and private companies. Clients also may invest in preferred stocks, convertible securities, warrants, rights, options (including covered and uncovered puts and calls and over-the-counter options), swaps and other derivative instruments, bonds and other fixed income securities, non-U.S. currencies, futures, options on futures, other commodity interests and money market instruments. The Clients also may engage in short selling, hedging and other investment strategies. Separate Accounts clients may elect to impose restrictions on certain types of transactions. Any such limitations are addressed in the Separate Account’s investment advisory agreement. Registrant also provides non-discretionary services to Blum Capital Partners, L.P.
- C. All of the Clients pursue Registrant’s publicly traded securities strategy. Class B limited partners or shareholders in a Fund also pursue Registrant’s private securities investment strategy.

- D. The Registrant does not participate in wrap-fee programs.
- E. As of December 31, 2013, the Registrant manages \$504,774,294 in regulatory assets under management on a discretionary basis.

#### **Item 5 – Fees and Compensation**

- A. The specific manner in which the Registrant charges fees is established in a Client’s investment management agreement with the Registrant and/or in the Fund’s agreement of limited partnership, if any. In exchange for the services provided to the Funds, the Registrant receives from limited partners a management fee (the “Management Fee”), payable in advance in United States Dollars.

The Management Fee may be waived, rebated or calculated differently at the sole discretion of the Registrant. Each investor in the Funds (collectively, the “Investors”) are specially allocated that portion of the Management Fee attributable to such Investor’s capital account.

- B. The Registrant deducts fees from the Funds’ assets on an ongoing basis and Registrant bills the Separate Account for Management Fees. Typically, as noted above, the Registrant receives Management Fees on a quarterly basis.
- C. The Registrant’s Management Fee is exclusive of brokerage commissions, transaction fees and other related costs and expenses that are incurred by the Client.

Typically, a Client bears all costs and expenses of its operation as set forth in its governing documents.

- D. Generally, Investors bear a Management Fee, payable on a quarterly basis in advance or arrears, depending on the agreement with the Client. To the extent an Investor in a Fund pays a Management Fee in advance, such fee is not refunded. If a Separate Account is terminated on a date other than the last day of that calendar quarter, the Management Fee for that quarter is prorated based on the number of days during that quarter prior to the date of termination.
- E. Generally, neither the Registrant nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. However, the Registrant provides ongoing advice to Blum Capital Partners L.P.

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

The General Partner, an affiliate of the Registrant, is entitled to receive an allocation of the Fund’s profits on an annual basis (the “Special Profit Allocation”) with respect to each Master Fund capital account established for a limited partner.

Typically, the Registrant does not advise Funds that are not charged a Special Profit Allocation. However, the Special Profit Allocation may be waived, rebated or calculated differently at the sole discretion of the Registrant.

Separate Accounts may also incur performance-based fees, which are described in the Separate Account’s investment advisory agreement.

## **Item 7 – Types of Clients**

The Registrant provides portfolio management services to pooled investment vehicles that are exempt from registration under the Investment Company Act and Separately Managed Accounts.

In general, the minimum initial investment in a Fund managed by the Registrant is \$5,000,000; however, this minimum initial investment may be waived.

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

A. The Registrant seeks to make long-term investments in a concentrated portfolio of high-conviction ideas that provide asymmetric risk/reward opportunities to generate significant capital appreciation over three to five years. As a result, the Registrant applies a variety of analytical approaches and research tools in making investing decisions on behalf of its Clients. The investment decisions are based on considerations supported by the fundamental analysis of companies. The Registrant's due diligence process, which includes both pre-investment diligence and post-investment monitoring, typically includes, but is not limited to, the following:

- review of a business' historical and projected financial and operating results with a focus on cash flow generation;
- analysis of the industry and a business' competitors, including the structure of the industry, barriers to entry, competitive behavior, business models, drivers of demand, substitution threats, switching costs, relative cost structure and customer and supplier power and terms;
- interviews with people with knowledge of the company and underlying industry, including, management, customers, suppliers, competitors, industry consultants and other relevant parties;
- background checks on the management team and, if necessary, board of directors;
- meetings with the management team and visits to stores, distribution centers, manufacturing plants and/or other facilities;
- review and analysis of any unique risk factors impacting the business, including a thorough legal and regulatory review;
- assessment of corporate governance, as well as management compensation and alignment; and
- engagement of third-party experts or consultants to assist in the due diligence of specific factors related to the business, including operational improvement, competitive dynamics, technical assessments, appraisals, insurance coverage and environmental compliance.

There can be no assurance that Tensile and its clients will achieve their investment objectives or that investment strategies employed by Tensile will be successful. The Registrant's investment program is speculative and entails substantial risks, including risk of loss of the entire investment, a risk which the investors should be prepared to bear.

- B. (&C) A Separate Account, or the Fund, through its investment in the Master Fund, invests in a broad range of investment instruments, (collectively, “Financial Instruments”), that include, but are not limited to, equity, equity-related, hybrid and credit securities that are traded publicly and privately in U.S. and non-U.S. markets. The Registrant expects to invest a portion of a Fund’s assets through the Master Fund in illiquid securities, which generally are restricted securities of public and private companies. Clients also may engage in short selling, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially.

The investment activity that the Registrant conducts on behalf of its Clients is speculative and volatile and may involve substantial risk. The investment strategy is broad, and may allow the Registrant to invest in a broad range of securities and industry sectors and in the securities of companies of all sizes. Below is a discussion of the material risks of significant investment strategies and primary investments of the Funds. For more information about a Fund’s risks, please see the offering materials for that Fund.

*Dependence on Management.* A Fund’s success depends on the skill and acumen of the General Partner and the Registrant, and its Managing Partners. The Managing Partners expect to devote substantially all of their business time to the Registrant, but they may not devote all of their business time to the Funds’ activities and devote a significant amount of time to other activities. If any of the Managing Partners should cease to participate in the Funds’ activities, its ability to select attractive investments and manage its portfolio could be impaired severely. Further, the Funds cannot assure Investors that: (a) it will achieve its investment objectives; (b) its investment strategy will prove successful; or (c) Investors will not lose all or a portion of their investment in a Fund.

*Inside Information.* The Registrant (through its representatives or otherwise) may receive information that restricts its ability to cause the Master Fund to buy or sell securities of a company for substantial periods of time when the Master Fund otherwise could realize profit or avoid loss. This may adversely affect the Master Fund’s flexibility in buying or selling securities.

*Limited Liquidity of Investments.* The Master Fund invests in thinly traded and relatively illiquid securities, securities that may not be traded at the time the Master Fund invests or securities that may cease to be traded after the Master Fund invests. The Master Fund also may take positions in particular securities that are relatively large as compared to trading volumes or overall market capitalization. In such cases and in the event of extreme market activity, the Master Fund may not be able to liquidate its investments promptly if necessary. In addition, the Master Fund’s sales of thinly traded securities are likely to depress the market value of such securities and thereby reduce the Master Fund’s profitability or increase its losses. Such circumstances or events could affect the Master Fund’s gain or loss materially and adversely.

*Private Equity.* Private equity investment involves an extraordinarily high degree of business and financial risk and can result in substantial or complete losses. Many portfolio companies may be operating at a loss or with substantial variations in operating results from period to period. These companies may need substantial additional capital to support expansion or to achieve or maintain competitive positions. These companies may face intense competition, including competition from companies with much greater financial resources, much more extensive development, production, marketing and service capabilities, and a much larger number of qualified managerial and technical personnel. Any such portfolio company may fail.

*Significant Volatility.* The Master Fund's investments in illiquid securities and securities of companies with small or mid-sized market capitalizations may involve significant business and financial risk and can result in substantial or complete loss. Even if the securities of such companies are sold publicly, the public trading markets for those securities may be extremely volatile from day to day or from period to period. Additionally, the Master Fund may invest in portfolio companies that experience substantial variation in operating results from period to period, and the Master Fund's portfolio may be concentrated in only a few issuers, all of which could be in the same business, industry or geographic region, increasing the volatility and risk of the Master Fund's portfolio.

*Valuation.* The General Partner and the Registrant determine the value of the Master Fund's securities, including thinly traded securities, whether or not a public market exists for securities of the same class or type. If their valuation of any such securities is inaccurate, they might receive a Special Profit Allocation and Management Fee that are greater than the allocation and fee to which they would otherwise be entitled. The Registrant may not be able to effectively manage the Master Fund's investment portfolio, diversification and other internal guidelines and risks if the Master Fund's portfolio is inaccurately valued. Any such inaccuracy could affect the limited partners adversely.

*Conflicts Between Illiquid Securities and Publicly-Traded Securities Portfolios.* At times there may be a conflict between the effect of investment decisions for the portfolio comprised of publicly-traded securities and the portfolio comprised of illiquid securities. Because Class A limited partners do not participate in the illiquid securities portfolio, these conflicting outcomes may wind up benefiting one class of limited partners over another. For example, a Fund may participate in a transaction in which a public company is taken private. If a Fund holds the publicly traded securities of that company, the Class A limited partners would benefit from a higher purchase price, while the Class B limited partners may benefit from a lower purchase price.

*Investments in Distressed Companies.* The Master Fund may invest in securities and claims and obligations of domestic and foreign issuers that are experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). Such investments involve substantial risks not normally associated with investments in better-performing companies, including adverse business, financial or economic conditions that can lead to defaults and insolvency proceedings. Frequently it may be difficult to obtain information about such entities' true condition. Troubled company investments also may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, equitable subordination, lender liability and the bankruptcy court's discretionary power to disallow, reduce, subordinate or recharacterize debt as equity or to disenfranchise particular claims. Such companies' obligations may be considered speculative. The ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or company-specific developments. In addition, there is no minimum credit standard for the Master Fund's investments. The level of financial and legal analytical sophistication in companies experiencing significant business and financial difficulties is unusually high.

*Non-U.S. Investments.* A Fund may invest in businesses outside the United States. Investing in non-U.S. securities involves risks relating to (i) currency exchange matters, including fluctuations in the rates of exchange and costs associated with currency conversion; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, absence of uniform accounting, auditing and financial



reporting standards, practices and disclosure requirements and varying degrees of government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital; and (iv) the possible imposition of foreign taxes on income and gains recognized with respect to such securities. In addition, laws and regulations of foreign countries may impose restrictions that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S.

*Options and Commodity Interests.* The Master Fund may use both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose the Master Fund to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Master Fund's funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited.

*Short Sales.* A Fund may sell securities short. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that a Fund must pay for the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Partnership's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

*No Control over Portfolio Issuers.* The Master Fund may acquire substantial positions in the securities of particular companies. Nevertheless, the Master Fund is unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

*Concentration of Investments.* Unlike many investment funds that, as a matter of investment policy, diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries, the Master Fund does not have fixed guidelines for diversifying its investments. The Registrant expects to concentrate a Funds' investment portfolio in industries and companies that it believes provide the most positive risk/reward ratio. In addition, due to the timing of limited partner investments, a Class B Investor's interest in the Fund's illiquid securities may exceed the percentage that the Registrant targets for the Class B portfolio as a whole. As a result of this lack of diversification, a significant loss in any one position or in any industry that the Fund has targeted for investment may have a material adverse effect on the value of the Fund and its rate of return.

*Limited Liquidity of Interests.* No market for interests exists or is expected to develop. It may be difficult or impossible to transfer any interests, even in an emergency. Further, there are substantial restrictions on capital withdrawals. The Investors requesting withdrawal bear the risk of any decline in the value of the interests from the date of notice of withdrawal until the effective withdrawal date. The General Partner has the power to suspend and compel withdrawals.

*Side Letters.* The General Partner of a Fund may enter into side letters or other similar agreements with certain Investors in connection with their admission to such Fund without the approval of any other Investor. Such side letters or other similar agreements may alter and/or supplement the Fund's investment terms in a manner that makes the terms applicable to such Investors more favorable than those applicable to other Investors. For example, some Investors may receive the following terms and conditions that do not apply to other Investors: a reduction, rebate or waiver of management fees, performance-based fees or allocations or redemption fees to be paid by the Investors (or other terms); rights to receive reports from a Fund on a more frequent basis or that include information not provided to other Investors (including, without limitation, more detailed information regarding portfolio positions); and special rights to make future investments in the Fund, other investment funds or managed accounts.

#### **Item 9 – Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either the Registrant or any of its management persons that are material to the Registrant's advisory business.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

- A. Neither the Registrant nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer; or as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Neither the Registrant nor any of its related persons has relationships or any arrangements with its related persons that involve financial industry activities or other financial industry affiliations (as described in the list provided in Item 10. C. of Form ADV Part 2A).
- D. The Registrant does not recommend or select other investment advisers for its Funds.

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

- A. The Registrant has adopted a Code of Ethics to ensure that it fulfills its role as a fiduciary to the Funds. The Code of Ethics requires that employees of the Registrant act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Employees of the Registrant are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Registrant or appropriate party of any actual or suspected violations of such laws by the Registrant and its employees or affiliates. In addition, the Code of Ethics sets forth formal policies and procedures with respect to the personal securities trading activities of the Registrant's employees. The Code of Ethics generally prohibits employees from effecting transactions in individual equity securities, with the exception of the sale of individual equity

securities held prior to the commencement of employment with the Registrant, requires that employees pre-clear certain public and private personal securities transactions, report all securities transactions on at least a quarterly basis and provide the Registrant with a summary of securities holdings on at least an annual basis. The Code of Ethics also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, and includes restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, as well as the reporting of political contributions. Employees are required to provide a written certification to the Registrant as to their compliance with the Code of Ethics on an annual basis. Upon request, the Registrant will provide a copy of the Code of Ethics to any Fund or Investor, or prospective Fund or Investor.

- B. Neither the Registrant, nor any of its related persons, recommends to Clients, or buys or sells for Clients, securities in which the Registrant or a related person has a material financial interest. However, the Registrant or a related person may transact in certain securities which may be held or actively traded by a Client. The Registrant has adopted the Code of Ethics to seek to avoid potential conflicts of interest involving personal trades, which includes a formal set of policies and procedures to prevent insider trading and front running, and also includes guidelines related to employees' personal securities transactions to which all employees must adhere.

With respect to employees (including an employee's spouse, a member of their household or any individual who relies on the employee for material support), the Code of Ethics, among other things, requires that employees pre-clear all personal securities transactions unless otherwise classified as an exempt security under the Code of Ethics and prohibits effecting transactions in individual equity securities, except those individual equity securities held prior to becoming an employee of the Registrant.

- C. The Code of Ethics generally prohibits employees from transacting in any security that such employees are aware may be traded by the Funds or Separate Accounts. However, there is a possibility that an employee might benefit from market activity by a Fund or Separate Account in a security held by the employee. The Registrant believes that any potential conflict of interest presented by this rare occurrence is mitigated by the Registrant's policies and procedures related to employee personal trading. Specifically, all transactions made by employees are closely monitored on an ongoing basis by the Registrant's Compliance Department to ensure that pre-clearance has been sought and obtained by employees when required, and that the personal trading patterns of employees fall within the guidelines set forth in the Code of Ethics.
- D. It is important to note that employees are prohibited from entering into a personal securities transaction in any security on the same day as a transaction in the same security by the Registrant on behalf of a Client. In the event an employee inadvertently executes a personal securities transaction in a security also traded by a Client, such conflict will be resolved subject to the remedies prescribed in the Code of Ethics.

## Item 12 – Brokerage Practices

- A. When selecting a counterparty for each transaction, the Registrant uses its discretion to choose the broker-dealer or counterparty most capable of providing the services necessary to obtain the best available price and most favorable execution. Consideration may also be given to those brokers and counterparties that supply research services to the Registrant that aid it in fulfilling its investment management responsibilities. In no event does the Registrant select a counterparty on the basis of personal gifts, gratuities or rewards provided to an employee or a related person of the employee.

Transactions for Clients are allocated to broker-dealers on the basis of best execution provided. In seeking best execution, the Registrant considers a variety of factors including quality of execution, reputation, financial strength and stability, block trading and block positioning capabilities, willingness and ability to execute difficult transactions, willingness and ability to commit capital, access to underwritten offerings and secondary markets, ongoing reliability, overall costs of a trade including commissions, mark-ups, mark-downs or spreads and other current transaction costs, nature of the security and the available market makers, desired timing of the transaction, size of the trade, confidentiality of trading activity, market intelligence, idea generation, availability of stocks to borrow for short sales, sourcing of investment opportunities by the broker, quality and timeliness of market information provided and provision of research or brokerage services, and other similar services.

The Registrant maintains a broker approval process that includes, but is not limited to, a review of certain documentation demonstrating the financial and regulatory status of the broker.

1. Clients may pay for research and execution services with soft or commission dollars. The use of commissions or soft dollars to pay for research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
  - a. The Registrant employs a master-feeder structure whereby all transactions are effected for the Master Fund and all Funds are invested in the Master Fund. The Registrant does not receive a benefit when using Fund brokerage commissions to obtain research services.
  - b. The Registrant generally considers the amount and nature of research, execution and other services provided by brokers as well as the extent to which such services are relied on, and attempts to allocate a portion of the brokerage business of its Clients on the basis of that consideration. A broker is not precluded from receiving business because it does not provide research and other soft dollar services. However, relationships with brokerage firms that provide soft dollar services to the Registrant may potentially influence the Registrant’s judgment in the allocation of brokerage business and create a conflict of interest to the extent it could influence the Registrant’s judgment in using the services of those brokers to execute the Clients’ brokerage transactions. The Registrant

believes that such allocation of brokerage business will help Clients to obtain research and execution capabilities. However, trades executed through these brokers or dealers or any other brokerage firm may or may not be at the best or lowest price otherwise available.

- c. The Clients' securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Clients, and not the Registrant, will be obligated to pay. The Registrant will have complete discretion in deciding which brokers and dealers the Clients will use, and in negotiating the rates of compensation the Clients will pay.
  - d. As a result of the Registrant's master-feeder structure, all Funds currently managed by the Registrant would benefit from research products and services received.
  - e. Within the last fiscal year, the Clients acquired certain products or services with client brokerage commissions. Specifically, such services include pricing, real-time trading, and forms of research. Research databases utilized by the Registrant include those provided by Bloomberg and Capital IQ.
  - f. All services which a portfolio manager of the Registrant wishes to pay for through a soft dollar arrangement must be submitted for approval by a Managing Partner. A Managing Partner will ensure the services are eligible under the provisions of Section 28(e) of the Exchange Act; review any contracts; and allocate the soft dollar relationship to a soft dollar broker-dealer.
- 2. Fund referrals are not considered in selecting or recommending broker-dealers.
  - 3. The Registrant does not engage in directed brokerage arrangements at this time.
- B. In certain circumstances, the Registrant may be in a position to allocate investment opportunities among client accounts. The Registrant's policy is to allocate orders among clients in a manner which is fair and equitable over time and does not favor one client or group of clients. The consistent application of the allocation methodology and procedures will assist the Registrant in giving fair and equitable treatment to its clients. Allocations among clients will generally be based on consistently-applied objective criteria tailored to an investment strategy, including, but not limited to, pro rata based on the clients' net asset values, total assets, available cash or target position size (a "Suggested Allocation"). There may, however, be instances due to issues of eligibility, risk parameters, yield targets, tax considerations or client account duration/investment time horizon, among other reasons, where a Suggested Allocation is rejected and another allocation is still considered to be equitable. Additionally, hedging or other related-security transactions will generally be based on the exposure of a particular client account rather than a Suggested Allocation. In the event that a suggested allocation is rejected, the Registrant will ensure documentation of the rationale for such allocation.

If the Registrant determines that a particular investment is appropriate for more than one client account, the Registrant may aggregate securities transactions for those client accounts. Procedures to ensure that no client account is disadvantaged as a result of such aggregation, will include but not be limited to, the following:

- disclose the policy regarding aggregation of securities transactions to all investors;
- conduct the aggregation consistent with its duty to seek best execution for client accounts;
- ensure no client account is favored over another client account;
- prepare pre-trade allocation statements specifying how the Registrant intends to allocate the transaction;
- maintain accurate books and records regarding all aggregated securities transactions; and
- ensure that no additional compensation or remuneration of any kind is received by the Registrant as a result of aggregating securities transactions.

#### **Item 13 – Review of Accounts**

- A. The investment guidelines of the Registrant’s Funds and Separate Accounts are broad in nature with a focus on long-term trading in a variety of financial instruments. For this reason, the Registrant believes that it is important that it generally documents the rationale for its trading decisions.

Currently, the Registrant utilizes a process of sharing investment ideas, implementing investment decisions and reviewing current investments through a series of ongoing meetings held among the Managing Partners, portfolio managers and analysts of the Registrant (the “Investment Personnel”). At such meetings, the Registrant’s Investment Personnel provide their assessment of recently made investments and potential investments.

- B. The Funds and Separate Accounts are reviewed by the Managing Partners on a regular basis. Additionally, the Managing Partners, along with other members of the Registrant’s Investment Personnel, regularly supervise all trading activity, monitor for associated risk and have the ultimate authority related to all investment decisions.
- C. Fund Investors are provided with monthly statements of their accounts distributed by the Registrant’s administrator and annual audited financial statements. These reports are distributed both electronically and in written format based on an Investor’s preference.

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

- A. No one other than the Registrant’s Clients provide an economic benefit to the Registrant for providing investment advice or other advisory services.

- B. Neither the Registrant nor any related person directly or indirectly compensates any person who is not a supervised person for Fund referrals.

#### **Item 15 – Custody**

The General Partner may be deemed to have custody, as defined under Rule 206(4)-2 under the Advisers Act, of funds or securities of the Funds. The Registrant relies on the “audit exemption” under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company Accounting Oversight Board and distributes the audited financial statements annually to the Investors in the vehicle.

#### **Item 16 – Investment Discretion**

The Registrant accepts discretionary authority to manage securities on behalf of its Clients through the investment management agreements with such Clients. This discretionary authority has no limitations.

#### **Item 17 – Voting Client Securities**

- A. It is the Registrant’s policy to vote all proxies received by the Registrant in accordance with the management recommendations, unless otherwise instructed by the Registrant’s Investment Personnel. The Registrant’s Managing Partners are responsible for overseeing and monitoring all proxy votes to ensure that such votes adhere to the Registrant’s proxy voting policy and procedures.

The Registrant’s general policy is to vote proxy proposals, amendments, consents or resolutions relating to Client securities, including interests in private investment funds, if any (collectively, “proxies”), in a manner that serves the best interests of the Clients that the Registrant manages, as the Registrant determines in its discretion, taking into account relevant factors, including, but not limited to, the impact on the value of the securities; the anticipated costs and benefits associated with the proposal; the effect on liquidity; and customary industry and business practices.

For routine matters, the Registrant will vote in accordance with the recommendation of the company’s management, directors, general partners, managing members or trustees (collectively, the “Management”), as applicable, unless, in the Registrant’s opinion, such recommendation is not in the best interests of the Clients. For non-routine matters, the Registrant will generally vote in accordance with the recommendation of the company’s Management; however, such proxies related to non-routine matters may be voted on a case-by-case basis in the best interests of the Clients (as determined by the portfolio managers and analysts whose responsibilities include coverage of the sector for which the proxies are being voted).

At times, conflicts may arise between the interests of the Clients and the interests of the Registrant or its affiliates. If the Registrant determines that it has or may be perceived to have a conflict of interest when voting a proxy, the Registrant will address matters involving such conflicts of interest as required by its policies and procedures.

The Managing Partners are responsible for ensuring, if requested, that the Registrant provides Investors with (i) a description of the Registrant's proxy voting policies and procedures and (ii) instructions about how Investors may obtain information from the Registrant on how it voted with respect to their Fund's securities. The Managing Partners are responsible for responding to Investor requests regarding how the Registrant voted proxies.

#### **Item 18 – Financial Information**

- A. The Registrant does not require or solicit prepayment six months or more in advance of more than \$1,200 in fees per Fund, and therefore has not included a balance sheet.
- B. The Registrant is not aware of any conditions that are reasonably likely to impair the Registrant's ability to meet contractual commitments to the Clients.
- C. The Registrant has never been the subject of a bankruptcy petition.

#### **Item 19 – Requirements for State-Registered Advisers**

The Registrant is not registered with any state securities authority.