

## **Item 1: Cover Page**

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

March 31, 2014

**Promus Asset Management, LLC**

**PVM I, LLC**

**Promus Access GP, LLC**

SEC File No. 801-77588

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This brochure provides information about the qualifications and business practices of Promus Asset Management, LLC and its relying advisers, PVM I, LLC and Promus Access GP, LLC. If you have any questions about the contents of this brochure, please contact the firm at [compliance@promusassetmanagement.com](mailto:compliance@promusassetmanagement.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Promus Asset 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 is the firm's annual update. This section addresses the material changes that have occurred since the firm filed its initial Brochure on January 18, 2013. Material changes reflected in the Brochure include the following:

- PVM I, LLC and Promus Access GP, LLC became relying advisers under Promus Asset Management, LLC. PVM I, LLC is the general partner of Promus Ventures I, LP, a venture capital fund. Promus Access GP, LLC is the general partner of Promus Access I, LP and Promus Private Equity Access, LP, both funds of private equity funds.
- Promus Holdings, LLC, the sole member of Promus Asset Management, LLC, obtained a non-controlling minority interest in RDG Opportunity Fund MM, LLC, which acts as the managing member of a real estate fund.

We also note that we updated our assets under management and made various non-material changes throughout the Brochure to clarify certain services and practices of the firms.

If you have any questions about this Brochure or would like to request a copy of this Brochure, please contact the firm at [compliance@promusassetmanagement.com](mailto:compliance@promusassetmanagement.com) or 312-784-3990.

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## **Item 4: Advisory Business**

### **Description of Your Advisory Firm**

Promus Asset Management, LLC (“PAM”) is an Illinois limited liability company formed in July 2012. PAM is wholly owned by Promus Holdings, LLC, whose principal owner is the Code Family Partnership, LP. PVM I, LLC (“PVM I”), a relying adviser under PAM, is a Delaware limited liability company formed in April 2013. PVM I is owned by the principals and certain employees of Promus Holdings, LLC. Promus Access GP, LLC (“PAGP”), a relying adviser under PAM, is a Delaware limited liability company formed in November 2013. PAGP is majority owned by Promus Holdings, LLC. In this Brochure, any reference to “Promus” or “Firm” includes PAM, PVM I, and PAGP, unless the context requires otherwise.

### **Description of Advisory Services Offered**

Promus sponsors privately offered investment funds (each a “Fund,” and collectively “Funds”) including funds of hedge and private equity funds, a real estate vehicle, and a venture capital fund. The Funds are organized as limited partnerships or limited liability companies. Promus provides investment advice to the Funds.

Promus serves as the general partner or manager of a Fund and provides advice and assistance to a Fund in accordance with the Fund’s governing documents. Such advice and assistance is generally not tailored to the needs of individual investors in the Funds. Investors in the Funds participate in the overall investment program for the applicable Fund and generally may not impose restrictions on investing.

Certain Funds (e.g., the real estate vehicle, funds of private equity funds, and venture capital fund) raise specific capital commitments that may be called over time. Other Funds (e.g., funds of hedge funds) regularly raise capital which is typically contributed in full at subscription and may be subject to lock-up provisions.

The governing documents for the Funds govern Promus’ advisory services provided to the Fund. The governing documents generally provide that the Fund may be dissolved upon Promus’ dissolution, withdrawal from the Fund or resignation as the general partner or manager.

Promus is also affiliated with Promus Capital, LLC, a registered investment adviser, that provides financial planning and advisory services to family offices and high net worth individuals. In addition, PAM owns two exempt reporting advisers, Triad Trading, LLC and Promus Equity Partners, LLC. Triad Trading, LLC provides advice on trading in commodity interests to commodity pools and separate accounts. Promus Equity Partners, LLC provides advice to private equity funds. For more information on Promus and its affiliates, please see Item 10.

### **Client-Tailored Services and Client-Imposed Restrictions**

Promus does not currently manage any separate accounts, but it may do so in the future. Each Fund has its own governing documents. Promus manages a Fund in accordance with such documentation.

**Client Assets Under Management**

As of December 31, 2013, Promus has approximately \$175,756,603 in regulatory assets under management on a discretionary basis. Of this amount, PAM, PVM I and PAGP managed \$121,516,601, \$18,416,856 and \$35,823,146, respectively.

## **Item 5: Fees and Compensation**

### **Methods of Compensation and Fee Schedule**

Promus receives management and performance fees as described in the Fund offering documents. Promus does not manage individual client portfolios although it may do so in the future.

Promus receives quarterly management fees for its services. Management fees typically range from 0.5% to 2.5% per year depending on the particular Fund. Management fees are typically payable quarterly in advance and may be based on: (i) investor capital account balances; (ii) committed capital; or (iii) called capital. Management fees are normally prorated for the number of days in a period. Each Fund's governing documents set forth the calculation of each Fund's management fee.

In addition to the management fees described above, Promus may receive performance-based compensation equal to (i) a specified percentage of cumulative net profits from a Fund subject to a high watermark or (ii) a profit share after such investor has received distributions equal to the amount of its capital contributions, plus its applicable preferred return. Performance-based compensation may create an incentive for Promus to make investments that are more speculative than would be the case in the absence of performance-based compensation.

Promus reserves the right to apply a different management fee and/or performance fees to different investors and to waive any management fee and/or performance fee in whole or in part for particular investors in its discretion. Fees for a separate account client are negotiable. Promus may launch or manage other funds or accounts with higher or lower fees and/or different compensation structures. Different client facts and circumstances, including the client's investment strategy, liquidity profile and prevailing market terms, will be considered in determining applicable fees.

In addition to the management and performance-based fees discussed above, the Funds will bear certain Fund expenses as set forth in each Fund's governing documents. Each Fund may bear all expenses incurred in connection with the management, operations, or liquidation of the Fund including, but not limited to, the following:

- Third-party legal, audit, tax and accounting fees and expenses;
- Third-party administrator fees and expenses;
- Expenses related to any investment vehicles in which a Fund may invest as part of its investment strategy;
- Organization expenses (including expenses of certain outside professionals related to the offer and sale of Fund interests);
- Investment expenses such as commissions, research fees, and expenses including research-related travel;
- Interest on margin accounts and other indebtedness, if any;
- Custodial fees; and
- Any other expenses reasonably related to the purchase, sale, or transmittal of Fund assets.

**Client Payment of Fees**

The Funds are typically responsible for their own fees and expenses such as audit expenses, tax accounting and preparation costs, K-1 reporting, legal fees, and other fund operating expenses. Ongoing management fees and other operating expenses are deducted from the investor's capital account balance as disclosed in the applicable Fund's governing documents.

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

As described under Item 5, Promus may receive performance-based fees from the Funds as described in a Fund's governing documents. Performance-based fees may create an incentive for Promus to recommend riskier or more speculative investments in an attempt to earn higher fees than might otherwise be recommended in the absence of performance-based fees. Incurring additional risk leads to a higher probability of loss which may conflict with an investor's risk tolerance and investment objectives. Performance-based fees also create the incentive for Promus to favor Funds for which it receives performance-based fees over Funds that only pay management fees. Other risks of performance-based fees include overstating the value of illiquid or hard to value investments. Performance-based fees are typically based on realized and unrealized gains and losses. Thus, Promus could earn a performance-based fee on gains that a Fund never realizes.

Promus advises Funds that may make similar or different underlying investments. Any allocation or apportionment of a particular investment opportunity will be made in a manner that is fair and equitable to all applicable Funds under the circumstances taking into account various Fund characteristics including, but not limited to, size, amount of available capital, investment strategy, risk profile, liquidity, overall portfolio composition, trading activity, and tax and legal considerations. Any action of Promus with respect to a particular investment may, for a particular Fund, differ from or conflict with the recommendation, advice, or actions of Promus to or on behalf of other Funds.

Promus has addressed these conflicts through policies and procedures designed to ensure that all Funds are treated fairly and equitably over time. Promus does not consider performance or fee structures when making investment and allocation decisions for the Funds.



## **Item 7: Types of Clients**

Promus provides investment advice to Funds, which are limited partnerships or limited liability companies formed under domestic laws and operated as investment pools exempt from registration under the Investment Company Act of 1940, as amended. The investors participating in Funds may include family offices, high net worth individuals and institutional investors. Investors may also include personnel of Promus and its affiliates. Investment by personnel of Promus and its affiliates may be significant in certain Funds.

Each Fund's offering materials disclose the minimum investment that a Fund will accept. The Fund's general partner or manager may, in its sole discretion, increase or decrease the minimum investment amount for any investor in a particular Fund. Prior to investing in a Fund, an investor must complete a subscription agreement containing representations needed to establish the investor's eligibility to invest in the Fund.

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

### **Methods of Analysis and Investment Strategies**

Each Fund is uniquely managed by its manager or general partner, as applicable, and each Fund's investment strategy and methodology is detailed in the Fund's offering documents. The manager or general partner may rely on its personnel's operational and investment experience in specific industries, its own independent research, and other third-party sources.

With respect to the funds of hedge funds, PAM seeks to identify and invest with multiple managers with diverse styles and strategies to achieve superior long-term risk-adjusted returns while keeping capital preservation as a central precept. PAM aims to identify individual private fund managers that it believes are excellent managers of risk and can potentially each earn superior long-term returns. PAM believes that diversifying across multiple managers with various strategies will reduce the volatility of these Funds' returns.

With respect to the real estate Fund, PAM seeks to identify and invest in proprietary real estate investment opportunities to add diversification, inflation protection, and income to investor portfolios while keeping capital preservation as a central precept. PAM's evaluation process generally considers the income potential of an opportunity, the feasibility of selling an asset for a profit, and the holding period required before the asset may become profitable.

With respect to the Funds of private equity funds, PAGP seeks to identify and invest in private equity funds that focus on niche opportunities and lower middle market companies to provide investors with access to a balanced and diversified portfolio of private equity investments.

With respect to the venture capital Fund, PVM I seeks to identify and invest in disruptive early-stage software companies that deliver analytic and data-driven products and services.

Funds managed by Promus are often viewed as highly speculative investments and are not intended to be a complete investment program. The Funds are designed only for sophisticated persons who can bear the economic risk of the loss of all or a portion of their investment and who have a limited need for liquidity. The risks of investing in a Fund should be carefully evaluated before making an investment. All investors should carefully review the risk factors and potential conflicts of interest set forth in a Fund's offering documents before investing. All risks set forth herein are qualified in their entirety by the applicable offering document for a Fund.

### **Investment Strategy and Method of Analysis Material Risks**

Identifying and participating in attractive investment opportunities are difficult tasks. A Fund's investments will not necessarily be profitable and there is a substantial risk that a Fund's losses will exceed its gains. Generally, little, if any, publicly available information exists regarding the investments held by the Funds. Many investment decisions depend upon the ability of Promus to obtain relevant information from non-public sources. A Fund will often be required to make decisions without complete information or in reliance upon information provided by third parties that cannot readily be verified. The marketability and value of each investment depends upon many factors beyond a Fund's control. Underlying investments may have substantial variations in results from period to period, face intense competition, and experience failures or substantial

declines in value. Underlying investments may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital, if available, may not offer attractive terms. Generally, a Fund's investments are illiquid and difficult to value. In most cases, a Fund's investments will be long-term in nature and may require years from the date of initial investment before liquidation.

The returns of the Funds may depend on the performance of unrelated investment managers. The Funds generally hold interests in underlying private funds or companies and do not participate in the management and control of such funds or companies.

The Funds' ability to earn strong returns for their investors and, in turn, Promus's ability to continue to attract investors depends upon the ability of Promus to find quality investment opportunities. There is no assurance that the Funds can locate and make quality investments at attractive prices or that the investments made will ultimately satisfy the investment objectives of the Funds.

In addition, adverse changes in legal, regulatory, and fiscal regimes may occur. Promus may be unable to adjust its structure or investment program to adapt to such changes. Changes in economic conditions may occur and adversely affect the Funds' investments. Promus may be unable to adapt to such changes and mitigate any corresponding losses due to the illiquid nature of the Funds' investments.

The investments in the Funds as well as the Funds' underlying investments are typically highly illiquid. Many interests in private funds are not registered under the Securities Act of 1933, as amended, and may not be transferred unless registered under applicable federal or state securities laws or unless exemptions from such laws are available. A Fund's ability to make new investments is contingent upon timely capital call payments by Fund investors, the performance of existing investments, and economic and market conditions.

Additional risks relevant to investments in the Funds will be described in each Fund's offering documents.

*Long-Term Investment.* Investments in the Funds are not intended to be short-term investments.

*Reliance on Underlying Fund Management.* Many of the Funds will be investing in underlying funds. The Funds will not have an active role in the day-to-day management of the underlying funds in which they invest. Moreover, such Funds will not have the opportunity to evaluate the specific investments made by any underlying fund. Accordingly, the returns of a Fund will primarily depend on the performance and recommendations of these underlying fund managers and could be substantially adversely affected by the unfavorable performance of the underlying funds' managers.

*Illiquidity; Restrictions on Transfer.* Investments in the Funds represent highly illiquid investments and should only be acquired by investors able to commit capital for an indefinite period of time. Investors will not be permitted to transfer their interests in the Funds without the written consent of the respective general partner or manager, which may be withheld in its sole

discretion, and the satisfaction of certain other conditions, including compliance with applicable securities laws.

*Risk of Inadequate Return.* The returns on a particular Fund's investments, if any, may not be commensurate with the degree of risk of an investment in such Fund. Investors should have the ability to sustain the loss of their entire investment.

*Multiple Fees and Expenses.* Investors in a Fund will pay certain fees (as described in Item 5) and expenses of such Fund and, to the extent applicable, will indirectly bear the fees (e.g., management fees to the sponsors of the underlying funds) and expenses of the underlying funds in which such Fund invests. This will result in greater expense and less potential for return on investment than if such fees were not charged or such expenses incurred. Similarly, investors may pay performance based fees to the Fund's general partner or manager in connection with an underlying fund's investments, and may indirectly pay performance fees to a sponsor of an underlying fund.

*Concentration Risks.* An inherent risk exists for Funds whose investment portfolios lack diversification (e.g., heavily weighted in one investment, industry, geographic location, or underlying investment manager). Funds with diversified portfolios generally incur less volatility and less fluctuation in portfolio value than those with concentrated holdings. While concentrated holdings may offer the potential for higher gains, such holdings also may suffer significant losses.

## **Item 9: Disciplinary Information**

None.

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

### **Broker-Dealer or Representative Registration**

Promus is not registered as broker-dealer and does not have a pending application to register.

### **Futures or Commodity Registration**

Promus has claimed relief from registration as a commodity pool operator. However, PAM is a principal of Triad Trading, LLC, a wholly owned registered commodity pool operator and commodity trading advisor.

### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

PAM is wholly owned by Promus Holdings, LLC, which wholly owns Promus Capital, LLC, a registered investment adviser. Promus Capital provides investment advisory and financial planning services to individuals, trusts, corporations, partnerships, retirement plans, tax exempt, and other legal entities. Such investment advisory services may include investment strategy, portfolio management, and financial planning. Promus Capital's clients may be solicited to invest in the Funds.

Promus provides investment advice to the Funds and may serve as the general partner or manager of Funds. PVM I, LLC and Promus Access GP, LLC are relying advisers under PAM. PAM wholly owns two exempt reporting advisers, Triad Trading, LLC and Promus Equity Partners, LLC.

PAM serves as the general partner of MCM Fund, LP and MCM Eleven, LP and also manages Promus Real Estate Conduit, LLC. PVM I, LLC, a relying adviser, serves as the general partner of Promus Ventures I, LP, a venture capital fund. Promus Access GP, LLC, a relying adviser, serves as the general partner of Promus Access I, LP and Promus Private Equity Access, LP, both private equity funds of funds.

Triad Trading, LLC, an exempt reporting adviser, is registered with the National Futures Association and the Commodity Futures Trading Commission as a commodity pool operator and commodity trading advisor. Triad Trading serves as the general partner of Triad Futures, LP, a managed futures pool, and MCM Diversified Futures, LP, a fund of commodity pools. Triad Trading, LLC also trades futures contracts for individually managed accounts.

Promus Equity Partners, LLC, an exempt reporting adviser, manages special purpose vehicles that make direct private equity investments in lower middle market companies. These special purpose vehicles may make add-on acquisitions from time to time. Promus Equity Partners manages AM Group Holdings, LLC, Associated Group Holdings, LLC, Fulcrum Investment Partners, LLC, MetaSource Co-Investment, LLC, Prologic Acquisition, LLC, ProSteel Security Products Holdings, LLC, and Quality Control Holdings, LLC.

Promus Holdings also owns a non-controlling minority interest in RDG Opportunity Fund MM, LLC, which is the managing member of a real estate fund focused on residential and mixed use properties, tax liens, distressed debt, and hard-money loans. In addition, the members of Promus Holdings, LLC each own an interest in Creation Investments Global Management, LLC, which

acts as the general partner of a private equity fund focused on international microfinance investments.

PAM's managers and employees may also perform duties on behalf of the Promus Holdings, Promus Capital, Promus Equity Partners, and Triad Trading. Promus personnel may have conflicts of interest in allocating their time and activity between the Funds, Promus, Promus Capital, Triad Trading, and Promus Equity Partners.

Situations may arise in which accounts managed by Promus have made investments that would have been suitable for investment by one client but, for various reasons, were not pursued by, or available to, another client. This could arise with respect to an underlying fund that, for example, places stringent restrictions on the number of investors whose money it will manage or their aggregate assets under management. As a result, certain underlying funds to which Promus would like to allocate assets may limit, or be unable or unwilling to accept, an allocation of such client's assets. To the extent that entities affiliated with Promus invest in underlying funds, the ability of a client to invest in the same underlying fund may be adversely affected by any limitation on availability of the investment.

There may be instances when allocating investments among clients where some clients may participate in certain opportunities made available to Promus while other clients may not. Where accounts have competing interests in a limited investment opportunity, Promus may not allocate investment opportunities pro rata among clients but rather allocates investment opportunities on the basis of numerous other considerations, including, without limitation, the percentage of committed capital already allocated to investment opportunities, investment objectives and restrictions, participation in other opportunities, appropriate design and balancing of investment portfolios of such account, compliance with applicable laws, and tax concerns as well as the relative size of different accounts' same or comparable portfolio holdings. As noted in Item 6, Promus will seek to allocate all investment opportunities among clients on a fair and equitable basis over time. Promus has adopted policies and procedures to address this conflict of interest.

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

### **Code of Ethics Description**

In accordance with the Advisers Act, PAM has adopted a code of ethics (the “Code”) that includes written procedures governing the conduct of Promus personnel. PAM will provide clients or prospective clients with a copy of the Code upon request.

Promus requires its personnel to adhere to the Code, which provides that personnel must put the interests of Promus’s clients first in every situation and deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, and taking investment action. Among other things, the Code imposes certain requirements on Promus access persons with respect to their personal securities transactions, addresses privacy and confidentiality obligations, and requires Promus personnel to comply with all applicable securities laws and regulations.

### **Participation or Interest in Client Transactions & Personal Trading**

Promus does not engage in principal trading (i.e., the practice of selling securities to clients from a firm’s inventory or buying securities from clients into a firm’s inventory). However, Promus may purchase or sell for or recommend to Funds certain investments in which it or its affiliates and their respective officers, directors, employees, principals, partners, and families (collectively, the “Related Parties”) have an economic interest (e.g., as an investor, adviser, general partner, or manager).

The Related Parties may serve as advisers or managers to other funds or conduct investment activities for their own accounts. Such other entities or accounts may have investment objectives or strategies similar to those of the Funds. The Related Parties may engage in securities transactions for their own accounts that differ from those recommended or effected for the Funds.

Promus and the Related Parties may purchase or sell the same securities (including interests in underlying investments) as are purchased or sold for or recommended to Funds in accordance with the Code. Such transactions may take place at or about the same time that such transactions are made for or recommended to Funds. The personal securities transactions by access persons may raise potential conflicts of interest when such transactions are made in a security that is either owned by a Fund or considered for purchase or sale for a Fund. Promus has adopted policies and procedures that are intended to address these conflicts of interest. Promus personnel must follow Promus’s procedures when purchasing or selling the same investments purchased or sold for the client. Pre-clearance request forms must be completed by each access person and approved by Promus’s Chief Compliance Officer before making an investment in a private placement or IPO. Further, each access person’s securities transactions are reviewed and such transactions may be reversed if inconsistent with the Code.



## **Item 12: Brokerage Practices**

Promus, in its capacity as general partner or manager, has discretion to determine the underlying investments in which a Fund invests. As Promus negotiates investments in underlying funds on a private placement basis, Promus does not utilize brokers or dealers in connection with such investments. In the event a Fund receives an in-kind distribution from an underlying investment, Promus will select a broker based on various factors including, but not limited to, expertise in the particular type of security or transaction, cost, ability to keep the account for an extended period of time without requiring activity charges, period of time to dispose of securities, frequency of trades, and access to relevant markets.

Promus does not utilize soft dollar arrangements.

Promus does not engage in the practice of directing brokerage commissions in exchange for the referral of clients.

Since Promus's Funds do not generally invest in listed securities, it is unlikely Promus would be able to aggregate a client's trading with another client. To the extent possible, Promus could seek to aggregate client trades in listed securities. Promus' allocation of investment opportunities among clients is described in Item 6 and Item 10.

To the extent a client receives an in-kind distribution of securities that may be publicly traded or private, Promus will generally seek to liquidate the securities as quickly as possible. Such liquidation may be through a privately negotiated transaction, which may not utilize a broker, or to the extent publicly traded, through a broker. In liquidating publicly traded securities and if delegated the authority to do so, Promus will select the broker to effectuate the liquidation. In selecting a broker, Promus may consider a variety of factors, including: (i) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting the transactions in light of the size and difficulty of executing the order, and (ii) the reasonableness of the commissions in light of the services being provided.

### **Item 13: Review of Accounts**

The investments made by the Funds are typically private, illiquid, and long-term in nature. Thus, the review process is not focused on a short-term decision whether to dispose of securities. Nevertheless, Promus's investment professionals will conduct reviews of investments held by the Funds. This review may include analyzing financial statements and periodic reports, attending annual and informal meetings, checking allocations of income and loss, and reviewing financial statements, valuations, transactions, and underlying investment information.

Promus may perform ad hoc reviews on an as-needed basis if there has been a material change in the Fund's investment objectives or in how Promus formulates investment advice.

Each Fund investor will receive monthly or quarterly summaries of the Fund's performance and of such investor's estimated capital account activity and balance for that month or quarter. Fund investors will also receive an annual report for such year containing financial statements and a statement showing the change to such holder's capital account with respect to such year. Tax information, including a Schedule K-1, will be provided to Fund investors as soon as reasonably practicable following the end of each calendar year. Promus, in its discretion, may furnish additional reports to Fund investors.

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

Promus may receive direct or indirect benefits for referring certain of its Funds to third parties for various services such as tax, accounting, and other professional services.

PAM and PVM I do not currently enter into agreements with solicitors who refer prospective advisory clients to PAM in return for a fee.

PAGP has engaged First Trust Portfolios, L.P., a registered broker-dealer as the exclusive selling agent of interests in a Fund for which PAGP serves as the general partner. PAGP pays the selling agent a portion of the management fees received from such Fund with respect to each limited partner introduced by the selling agent. An affiliate of First Trust Portfolios, L.P. holds a minority ownership interest in PAGP, which creates an additional incentive for the selling agent to make referrals. PAGP and the selling agent manage this conflict of interest by disclosing the arrangement to potential investors.

## **Item 15: Custody**

Promus, in its capacity as general partner or manager, may be deemed to have custody of its Funds' assets under Rule 206(4)(2) of the Advisers Act (the "Custody Rule"). Promus has implemented policies and procedures to comply with the Custody Rule's requirements. Promus requires an annual audit of its funds by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). Since the Funds invest primarily in privately offered securities, the Funds do not use a custodian in the customary sense. Promus, on behalf of the Funds, maintains bank accounts in each Fund's name where monies are deposited by investors to fund underlying investments and fund expenses.

## **Item 16: Investment Discretion**

Promus acts as a general partner or manager for Funds. As such, Promus has discretionary authority to manage investments on behalf of the Funds in accordance with the investment objectives set forth in each Fund's governing documents. Generally, Promus does not allow individual investors in the Funds to place limitations on this authority. Promus assumes this authority pursuant to the terms of the Fund's governing documents.

## **Item 17: Voting Client Securities**

As general partner or manager of the Funds, Promus is responsible for reviewing and voting any proxies of the underlying investments consistent with the best interests of the Funds. When an underlying fund or company, as issuer of securities in which a Fund is invested, sends a proxy proposal to Promus, the proposal is forwarded to the portfolio manager who is responsible for that Fund. The portfolio manager reviews the proposal and makes a voting recommendation. Promus will maintain records of any votes made along with the rationale for such votes.

## **Item 18: Financial Information**

Promus does not require the prepayment of fees more than six months in advance, and as such, is not required to file a balance sheet. Promus does not have any financial issues that would impair its ability to provide services to clients. There are no bankruptcy petitions to report.