

## Form ADV Part 2A: Firm Brochure

### Adams Hill Capital LLC

March 28, 2014

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**This brochure provides information about the qualifications and business practices of Adams Hill Capital LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Mohit Bhasin, at 203-557-1608 or at [mohit.bhasin@adamshillpartners.com](mailto:mohit.bhasin@adamshillpartners.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.**

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

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## Item 2: Material Changes

This brochure updates information about Adams Hill Capital LLC. The brochure was filed last filed on March 28, 2013, and there have been no material changes since then.

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## Item 4: Advisory Business

Adams Hill Capital LLC (“Adams Hill”) is a private investment firm founded in 2012 and formed under the laws of the State of Delaware as a limited liability company. It is principally owned and controlled by Andrew Schwartz and John Egan.

Adams Hill sponsors its own private fund and currently manages such fund as well as an account for another “private fund” on a discretionary basis with combined assets as of January 31, 2014 of approximately \$243 million. In the future, Adams Hill may also manage a strictly limited number of other “private funds.”

We use the terms “Adams Hill”, “we” or “us” in this brochure to refer to Adams Hill Capital LLC and its affiliates, and the term “Funds” to refer to the “private funds” we manage.

Adams Hill offers discretionary investment management services to “private funds.” Specifically, Adams Hill itself serves as the sponsor of Adams Hill Partners LP (the “Onshore Fund”) and Adams Hill Partners (Cayman) Ltd. (the “Offshore Fund”) which invest substantially all of their assets in the Adams Hill Master Fund Ltd. (the “Master Fund”). An affiliate, Adams Hill Capital Management LLC, serves as the General Partner to the Onshore Fund.

Our advisory services are tailored to the investment directives specified in each Fund's offering documents. We do not expect to permit investors to limit the types of securities or markets in which we can trade on behalf of the Fund. Our portfolios focus on long/short positions in large and mid-capitalization equities but will also trade in the commodities derivatives markets. The portfolios trade predominately in the United States and European markets.

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

The applicable fees and expenses for each Fund are set forth in the governing documents of each Fund. The Funds pay both management fees (the "Management Fee") and incentive fees/allocations (the "Incentive Fee/Allocation"), as well as expenses. A brief summary of fees and expenses is provided below. Management fees and incentive allocation are calculated and paid at the Master Fund level and are allocated through the Master Fund to the Onshore Fund and Offshore Fund.

### Management Fees:

The Management Fee generally is paid in arrears as of the end of each month. The range of the annual Management Fee is generally 1% to 2% of the gross asset value of each investor's investment. We define "gross asset value" as assets net of liabilities but not reduced for the purpose of calculating fees by any Incentive Allocation not yet made nor by the Management Fee being calculated.

### Incentive Fees/Allocations:

As of each December 31, the Incentive Fee/Allocation is paid/made to Adams Hill and generally ranges from 15% to 20% of any new appreciation then attributable to each investor's investment. The Incentive Allocation is calculated separately with respect to any different "series" of investments held by investors. When an investor redeems, Incentive Fees/Allocations are also paid with respect to the amount redeemed.

In the case of Funds sponsored by Adams Hill, Adams Hill will deduct its Management Fee and Incentive Fee/Allocation in arrears from the Funds. In the case of funds sponsored by others for which Adams Hill manages an account, we will invoice such funds monthly in arrears for Management Fees and Incentive Fees/Allocations.

Interests held by principals, members, directors, officers and employees of Adams Hill and its affiliates (the "Adams Hill Parties") will not be subject to Management Fees or Incentive Fees/Allocations, and Adams Hill may reduce or waive the Management Fees and/or Incentive Fees/Allocations charged to any investor without entitling any other investor to such reduction or waiver.

Expenses:

The Funds' operating expenses, directly and indirectly through its investment in the Master Fund, include, without limitation: (i) brokerage commissions and other costs of executing transactions

(for further information, see Item 12 *Brokerage Practices* below); (ii) investment expenses and all other expenses (including, without limitation, all clearing fees, interest charges, financing charges and applicable withholding and other taxes) related to the purchase, sale, transmittal or custody of investment instruments and related items, as well as costs and expenses associated with obtaining and maintaining regulatory licenses, exchange memberships and credit ratings; (iii) legal, accounting, auditing and other professional fees and expenses, including consulting and appraisal fees and expenses; (iv) tax preparation and "Tax Matters Partner" fees and expenses; (v) any taxes and duties payable in any jurisdiction in connection with the Funds' operations; (vi) fees in connection with the custody of the Funds' assets; (vii) insurance costs; (viii) computer services; (ix) administrative costs (including the fees and out-of-pocket expenses of the Administrator and other third-party administrators), paying agency, transfer agency, accounting verification (if any) and/or investor registrar services; (x) computer software licensing, development, purchasing, programming and operating costs; (xi) any other operating or administrative expenses related to accounting, research, due diligence and reporting; (xii) all other costs related to the Funds' investment in the Master Fund; (xiii) costs and expenses relating to the Funds' and Adams Hill's regulatory compliance, including, without limitation, the costs of compliance programs, examinations, regulatory inquiries and regulatory filings (including Forms 13D, 13G and 13F, PF, CPO-PQR and other regulatory and reporting forms relating to the Funds' and/or the Adams Hill Parties' trading and investing); (xiv) the costs of compliance with the Foreign Account Tax Compliance Act ("FATCA") and other tax-related compliance; (xv) any indemnification payments; and (xvi) the annual fees and expenses of the directors of the Master Fund

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

We receive performance-based compensation from each of our Funds. We do not manage any Fund or other client account that does not pay performance-based compensation. Because we do not manage any client accounts that are not subject to performance-based fees, we do not face the same degree of conflicts of interest that may arise when an investment adviser accepts performance-based fees or compensation from some clients, but not from other clients. Although all of our clients pay a performance-based fee, the performance-based fees paid by the clients vary, which could create an incentive for us to favor one client over another. We address this possible conflict through our trade allocation policy. Please see Item 12 *Brokerage Practices* below under the sub-heading entitled *Order Aggregation/Allocation of Trades and Investment Opportunities*.

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

All of our clients are "private funds." Our investment advice is provided directly to the Funds and not individually to the Funds' investors. Investors in the Funds may include, but are not limited to, high net worth individuals, trusts, estates, charitable organization, endowments, foundations, family offices pension plans and corporate or other business entities.

Investors are generally required to meet certain minimum investment criteria and suitability requirements. Details concerning investor suitability criteria are set forth in each Fund's offering documents and subscription materials. All of the Funds will be exempt under Section 3(c)(7) of the Investment Company Act; therefore all investors must be "qualified purchasers," "knowledgeable employees" (of Adams Hill) or non-U.S. Persons.

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

### Investment Strategies / Philosophy

We focus our portfolio on long/short positions in large and mid-capitalization equities, but also trade in the commodities derivatives markets. We trade predominately in the United States and European markets. Our trading method is premised on fundamental "top-down" macro-economic analysis combined with "bottom-up" evaluation of individual issuers and commodities opportunities.

We trade and invest in opportunities, both long and short, which we identify in the global equities and commodities markets. Our Funds' portfolios are predominately focused in long/short equity positions, with the remainder of the portfolio's market exposure in the commodities derivatives markets (used at different times to complement as well as to hedge the Funds' equity exposure and also for opportunistic relative value trading). We anticipate that approximately 75% of our Funds' gross market exposure is generally in the equities and 25% in the commodities markets (although the equities/commodities allocation of the Funds' portfolios could vary materially over time).

The long/short structure of the Funds' portfolios is intended to reduce the Funds' exposure to overall market movements; our objective is to profit from company-, industry- and commodity-specific mispricings and volatility while controlling the Funds' exposure to macro-economic factors and general price trends.

### Investment Process

Our research process incorporates the views of our portfolio managers on macro-economic, industry-specific and company-specific factors. The investment approach is grounded on detailed fundamental analysis. This analysis has two distinct components. We apply a "top-down" macro-economic analysis in an attempt to determine likely near- to medium-term economic factors — growth, recession, inflation and the fear of inflation, the effect of international capital flows, etc. We then apply detailed "bottom-up" analysis and research of particular issuers, industries and commodities, long or short positions in which are consistent with our "top-down" conclusions. Our strategy is grounded on detailed fundamental analysis of the companies and industries in our "investable universe" (which is defined in part through our macro-economic analysis and which will vary, potentially materially, over time). We attempt to generate returns through taking idiosyncratic factors into account for the companies we follow as well as generating returns through industry-related systematic factors.

Our investment process begins with an analysis of economic growth prospects. In light of the macro viewpoint which it adopts, we analyze specific industries, markets and commodities in forming a fundamental “top down” economic thesis. We then attempt to identify specific company and industry opportunities consistent with this thesis and which also exhibit favorable “idiosyncratic” characteristics (long and short). Each investment opportunity is ranked in terms of risk/reward profile, expected time-frame and most likely event path, while also taking company-specific catalysts into consideration.

We typically source investment opportunities through information made available from a wide range of different inputs, including (without limitation): (i) financial and research screens and data sources; (ii) industry contacts; (iii) independent research; (iv) company visits; and (v) industry conferences.

Once a particular opportunity set has been identified, we analyze specific prospective investments within such opportunity set based on a broad range of quantitative and qualitative criteria including:

- Valuation metrics (FCF/EV/EBITDA P/NAV)
- Intrinsic value of assets
- Forward earning projections relative to consensus Wall Street estimates
- Long- and short-term growth characteristics of end markets
- Direction of specific commodities
- Management
- Capital needs of company
- Value enhancing catalysts
- Incremental margin analysis

### Risks of Loss

An investment in any of the Funds is speculative and involves substantial risks. An investor can lose all or substantially all of its investment. An investment in our Funds is not intended as a complete investment program. The Funds are designed for sophisticated investors who fully understand and are capable of bearing the risk of investment. No guarantee or representation is made that a Fund will achieve its investment objective or that investors in a Fund will receive a return of their capital. The description contained below is a brief overview of different material risks related to our Funds’ investment strategy:

**Fundamental Strategies** – Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to investment instruments’ market prices being materially discounted from the expected prices indicated by fundamental analysis (as in the case of “flights to quality” when the demand for valuing certain risky Investment Instruments plummets) or when technical factors, such as price momentum encouraged by trend following, dominates the market.

Fundamental analysis is inherently subject to the risk of not having identified all the relevant economic factors, and in the case of Adams Hill this risk is exacerbated by the difficulty of even

being aware of all relevant idiosyncratic factors (there may, for example, be dissension among management, illness of one or more key persons, inaccurate accounting procedures, etc., none of which are within the scope of Adams Hill's universe of data).

Fundamental analysis is also inherently subject to the unpredictable duration of periods during which market prices and "true value" as determined by such analysis will change. Adams Hill may be entirely correct in its analysis of the idiosyncratic factors affecting the price of a stock, but the market may not reflect "true value" during the period that Adams Hill determines a position in such stock can be held.

**Long/Short Equities Trading** -- The equity markets are speculative and highly issuer-specific. Mismanagement or misconduct by corporate officers can cause the complete loss of an equity investment, and the equity markets may be particularly susceptible to subjective investment factors and market sentiment.

Concentration on equities (despite the long-short character of our investment strategy) will result in less diversification and presumably make investments more vulnerable to the risk of major losses than if a more diversified strategy were used.

Because the long and short portfolios are developed independently of each other, not on the basis of the respective relative values of the equities held long and short, it is entirely possible that market movements will cause losses on both portfolios, rather than one serving at least partially to offset the risk of the other.

**Commodities Trading** -- Commodities trading in general is highly leveraged. The commodities markets are risk transfer markets in which speculators provide the liquidity necessary for physical market participants to hedge their price risk with respect to the assets with which their businesses are involved. The regulation of these markets is typically significantly less extensive than the regulation of the securities markets, and certain markets limit the ability of speculative trading vehicles such as those we manage. Possibly partially as a result, the commodities markets are periodically subject to major disruptions in which speculative traders, such as the Funds, have incurred substantial losses.

Adams Hill, which is not itself a major participant in the markets, may trade at a material disadvantage to other larger and more established market participants, which have material informational advantages over Adams Hill, particularly given the substantially unregulated character of many of these markets (trading on "material non-public information" is not illegal in the commodities markets as it is in securities markets).

**Derivative Instruments** -- We may use various derivative instruments, including options, forwards, futures, swaps and other derivatives which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Derivative instruments may not be liquid in all circumstances and can result in a large amount of effective leverage.

**Cash-Flow Mismatches** -- Our trading on behalf of the Funds will often involve dealing with a combination of positions which are not marked-to-market (*e.g.*, equities) and derivative instruments (*e.g.*, futures contracts). This creates a risk of material cash flow mismatches. For

example, the Funds might hold a long position in the stock of a gold mining company which is partially hedged with short gold futures positions. As the price of gold rises, the Funds might recognize substantial profits on the overall position, but they could incur a major cash flow drain in maintaining the position, as the Funds would need to be making daily margin payments on short futures positions while collecting nothing on its long equity position until liquidated.

**Short Sales** – Our strategies for our long-short Funds permit short sales. Short sales are designed to profit from a decline in the price of the securities sold short without the need to invest the full purchase price of the securities on the date of the short sale. Short sales theoretically involve unlimited loss potential, as the market price of the securities sold short may increase continuously. Under adverse market conditions we might have difficulty purchasing securities to meet our short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet short sale obligations at a time when fundamental investment considerations would not favor such sales.

**Leverage** – We generally have the discretion to borrow funds and use other forms of leverage in connection with our Funds’ investment programs. Performance may be more volatile if a Fund employs leverage.

**Volatility** – The prices of the instruments traded by our Funds have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. The offering materials for each Fund contain more complete information concerning the risk factors relevant to investing in such Fund.

## **Item 9: Disciplinary Information**

Adams Hill and its employees have not been involved in any legal or disciplinary events.

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

Adams Hill is registered as a “commodity pool operator” and a “commodity trading advisor” with the Commodity Futures Trading Commission. Messrs. Schwartz and Egan are registered as “associated persons” of Adams Hill in such capacities. As previously noted under Item 4 *Advisory Business*, Adams Hill Capital Management LLC, an affiliate, serves as general partner to certain of the Funds.

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

### Code of Ethics and Personal Trading

We have adopted a written Code of Ethics (the “Code”) that is applicable to all employees. Among other things, the Code requires us and our employees to act in the Funds’ best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on many types of personal securities transactions. Our restrictions on personal securities



trading apply to employees, as well as employees' family members living in the same household. A copy of our Code is available upon request by contacting Mohit Bhasin (Chief Compliance Officer) by email at [mohit.bhasin@adamshillpartners.com](mailto:mohit.bhasin@adamshillpartners.com), or by telephone at 203-557-1608.

Employees may not trade for their own personal account, except for certain permitted instruments (typically instruments that Adams Hill does not trade on behalf of the Funds). Employees must pre-clear all personal securities transactions before completing the transactions. We may disapprove any proposed transaction, particularly if the transaction poses a conflict of interest. Employees are also required to provide quarterly reports regarding transactions and holdings in "Reportable Securities" as defined in the Advisers Act. Employees must disclose all personal trading accounts initially upon commencement of employment and annually thereafter. We maintain a restricted list of securities in which employees are not allowed to invest.

#### Participation or Interest in Fund Transactions

Adams Hill, its employees or a related entity (collectively "Related Persons"), will generally have an investment in the Funds managed by us. As a result, Related Persons have an interest in any Funds which they recommend to investors.

Related Persons will generally not have any interest in the issuers of the securities in which the Funds invest (except indirectly through such Related Persons' investments in the Funds).

## **Item 12: Brokerage Practices**

#### Best Execution

We seek to obtain best overall execution of securities trades for our Funds based on the circumstances of each transaction that we place. In selecting a broker-dealer and determining the reasonableness of their commissions for our Funds, we take into account the following factors: the ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker-dealer; the quality, comprehensiveness, and frequency of available research services considered to be of value to us and the Funds; the value of brokerage services over and above trade execution provided to us and our Funds; and the competitiveness of commission rates in comparison with other broker-dealers satisfying our other selection criteria. Adams Hill will conduct an internal "broker vote" annually, where members of Adams Hill research team (including trader and operations) rank the quality of the brokers based on certain criteria, such as the items noted above in this paragraph. Adams Hill need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

#### Soft Dollar Services

We receive research and other soft dollar services from brokers and dealers in connection with our Funds' securities transactions. The term "soft dollars" refers to a means of paying brokerage firms or other third parties for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory clients. We are authorized to

pay higher commissions to brokers than the minimum rates obtainable in the marketplace, or to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities. The Funds will make these payments to brokerage firms if we determine such commissions or prices are reasonable in relation to the overall services provided.

Soft dollar services may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, terminal licenses and exchanges for the portfolio manager and analysts, our order management analytics system, news and research services, and other services and systems providing lawful and appropriate assistance to our investment professionals in the performance of their investment decision-making responsibilities on behalf of our Funds. We may receive soft dollar benefits directly from brokers or from third parties at the direction of brokers.

We will not knowingly accept soft dollar services which fall outside the “safe harbor” of Section 28 (e) of the United States Securities Exchange Act of 1934, as amended. We are authorized to direct brokerage to firms which furnish or pay for research and/or brokerage services within the “safe harbor” provided by Section 28(e).

Our authority to use “soft dollar” credits generated by our Funds’ securities transactions provides a benefit to our firm and allows us to acquire products and services without expending our own resources. Accordingly, relationships with broker-dealers that provide soft dollar services to our firm create a conflict of interest. Our authority to obtain soft dollar benefits may incent us to select brokers-dealers on the basis of the soft dollar services we receive rather than our Funds’ interests in receiving best execution.

As a result, the Funds could pay higher commission costs than they would were no soft dollar services provided. In practice, however, we do give utmost consideration to the interests of our Funds. We carefully monitor our brokerage arrangements in light of our fiduciary obligation to seek best execution, and we believe we have secured brokerage arrangements with commissions that are very competitive and do not result in our “paying up” for research or any other products that are covered under Section 28 (e).

The SEC has enumerated a number of important factors to consider in seeking best execution for advisory clients. Among them is the quality, comprehensiveness and frequency of available research services considered to be of value to us and the Funds. We have considered this factor along with the other factors specified by the SEC, including competitive commission rates. In balancing these considerations, we believe that the broker with whom we have our soft dollar arrangement provides best execution to the Funds.

Our soft dollar arrangements benefits all of our Funds. We do not attempt to allocate soft dollar services to a particular Fund proportionately to the soft dollar credit it generates.

We have a soft dollar arrangement. Within the last year we used soft dollars to pay for research and market data. We believe our use of soft dollar benefits is within Section 28(e) safe harbor. All soft dollar products and services received from broker-dealers must be reported to the Chief Compliance Officer. Review is required for proprietary research from full service broker-dealers, in addition to third-party research, and the review requirement is not limited to explicit soft dollar

arrangements. The Chief Compliance Officer evaluates such services in light of Adams Hill's fiduciary duties and its commitment to seek best execution and compliance with the requirements of Section 28(e).

The prime brokers selected by Adams Hill provide "capital introduction" services to Adams Hill whereby such brokers will introduce Adams Hill to prospective investors. The prime brokers do not receive any additional compensation for such introductions but would not make such introductions were it not for the prime brokers' role with respect to the Funds.

We do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer, and we do not permit clients to direct brokerage.

#### Order Aggregation and Allocation of Trades and Investment Opportunities

Adams Hill typically will aggregate sale and purchase orders for investment instruments or other assets behalf of its clients and allocate the securities or other investments purchased or sold on an average price basis among the participating clients when it believes that the aggregated transaction will allow it to negotiate more favorable commission rates or otherwise reduce transaction costs. In the case of all "bulk orders," the allocation of positions among Adams Hill clients (including the Master Fund) will be made pursuant to written allocation procedures maintained by Adams Hill.

#### Allocation of Trades and Investment Opportunities

Adams Hill has a fiduciary obligation to use its best efforts to ensure that no Fund is treated unfairly in relation to any other Fund in the allocation of securities or investment opportunities or in the order in which transactions are executed. Accordingly, Adams Hill seeks to allocate orders and investment opportunities among its Funds in a manner that it believes is equitable and in the best interests of all the Funds. The Funds are invested similarly in accordance with the same strategies and generally pari passu or on a pro-rata basis. Exceptions to this allocation methodology include, but are not limited to, differing legal or tax prohibitions among the Funds, addressing issues which do not equally impact each of the Funds, and rebalancing due to disparities in capital activity (redemptions/subscriptions) in one or more of the Funds. Accordingly, the Funds, as a result, may experience some performance dispersion.

#### Trading Errors

As disclosed in the Funds' offering documents, the cost of errors in the Funds' accounts are borne by the Funds unless an error is the result of a breach of the standard of care set forth in the Limited Partnership Agreement. The Funds keep any gains resulting from trade errors. Investors should refer to their Fund offering documents for further disclosures with respect to trade errors.

#### Cross Trades

As is consistent with its duty to seek to obtain best execution, occasionally we may cross trades for client accounts. A cross trade occurs when we purchase and sell a particular security between two or more accounts under our management by instructing brokers to cross the trade. We generally utilize “cross” trades to address account funding issues and when we specifically deem the practice to be advantageous for each participant. In no instance do we receive additional compensation when crossing trades for client accounts. We will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transaction is done for the sole benefit of the clients.

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

Our Funds’ are reviewed on a continuous basis by our portfolio manager and Chief Investment Officer, Andrew Schwartz, and members of our professional investment staff. These reviews are designed to monitor and analyze transactions, positions, exposure and investment levels. Andrew Schwartz is ultimately responsible for all investment decisions.

Our investors are provided with written monthly performance estimates, including the estimated increase or decrease in the net asset value of their investment during the preceding month. Such reports may also contain certain market analysis by Adams Hill.

Investors also receive written annual reports containing financial statements examined by our independent auditors as well as tax information that are necessary for each investor to complete its U.S. federal and state income tax or information returns.

The foregoing reports may be delivered in electronic format with the consent of the investors.

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

We do not receive any economic benefits from non-clients in connection with the provision of investment advice to the Funds.

### **Item 15: Custody**

All Fund assets are held in physical custody by unaffiliated broker/dealers or banks. However, due to our access to funds and securities either as the investment manager to the Offshore Fund or through an affiliate which acts as general partner to the Onshore Fund, we are deemed to have custody of the funds and securities for those Funds. We do not provide our Funds’ investors with statements from the custodian. Instead, those Funds are audited on an annual basis in accordance with generally accepted accounting principles (GAAP), and the financial statements are distributed to each investor within 120 days of the Funds’ fiscal year-end.

### **Item 16: Investment Discretion**

We maintain investment discretion over all of our Funds’ accounts. We have the authority to determine, without obtaining specific Fund consent, the amount and price of securities bought and sold, the preferred broker-dealers through which they effect trades, and the commission rate charge for trades. Before accepting subscriptions for interests, we provide all of our Funds’

investors with a confidential private placement memorandum and governing documents describing our investment strategy and program and the terms of investment. Investors sign a subscription agreement granting us discretionary authority to manage their investments in accordance with the confidential private placement memorandum. The Funds themselves grant Adams Hill discretion over their portfolios either in their operative documents (limited partnership agreement) or pursuant to an investment management agreement.

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

### Proxies

Adams Hill has proxy voting authority on behalf of the Funds it sponsors and it may have such authority on behalf of the private funds sponsored by third parties for which Adams Hill manages an account. Adams Hill complies with its proxy voting policies and procedures designed to ensure that when Adams Hill votes proxies with respect to Fund securities, Adams Hill votes such proxies in the best interests of its Funds. The investors in the Funds sponsored by Adams Hill cannot direct the manner in which Adams Hill votes its proxies.

In voting proxies, Adams Hill utilizes the services of a third-party proxy agent that votes in favor of routine corporate housekeeping proposals, including the election of directors (where no corporate governance issues are implicated) and selection of auditors, and generally votes against proposals that make it more difficult to replace members of a board of directors.

Adams Hill is not required to vote every client proxy and refraining from voting should not necessarily be construed as a violation of our fiduciary obligations. There may be times when refraining from voting is in a Fund's best interest, such as when our analysis of a particular client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the Funds (*e.g.*, casting a vote on a foreign security may require that we engage a translator or travel to a foreign country to vote in person).

If a material conflict of interest between Adams Hill and a Fund exists, Adams Hill will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Fund and, if not, take some other appropriate action in accordance with its fiduciary duty to the Fund.

Clients may obtain a copy of the Adams Hill proxy voting policies and procedures and information about how Adams Hill voted a Fund's proxies by contacting Mohit Bhasin (Chief Compliance Officer) by email at [mohit.bhasin@adamshillpartner.com](mailto:mohit.bhasin@adamshillpartner.com) or by telephone at 203-557-1608.

### Class Actions

As a fiduciary, Adams Hill always seeks to act in the Funds' best interests with good faith, loyalty and due care. Adams Hill's standard advisory contract authorizes us to direct Fund participation in class actions. Adams Hill will determine whether Funds will (a) participate in a recovery achieved through class actions, or (b) opt out of the class action and separately pursue their own remedy.

## **Item 18: Financial Information**

A balance sheet is not required to be provided as we do not solicit fees more than six months in advance, do not have a financial condition that is likely to impair our ability to meet contractual commitments to clients, and have not been subject to any bankruptcy proceeding during the past 10 years.