

Firm Brochure
(Part 2A of Form ADV)

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This brochure provides you with information about the qualifications, business practices and nature of advisory services of Valo Group, all of which should be considered before becoming an advisory client of our Firm. Please contact Ajay Gorrepati, Managing Member, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

We are registered as an Investment Adviser. Registration does not imply any certain level of skill or training. Additional information about our Firm is available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Our Firm's CRD number is 172139.

September 24, 2014

Item 2: Material Changes

The SEC adopted “Amendments to Form ADV” in July 2010. This version of Part 2A of Form ADV (“Firm Brochure”) and Part 2B of Form ADV (“Supplement Brochure”), dated **September 24, 2014** is our initial document prepared in accordance to the SEC’s new rule requirements and rules. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Firm Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material Changes since the Last Update

This section of the Brochure will reflect the update of any material changes that occurred since the previous delivery of our Firm’s brochure.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure and/or Supplemental Brochure, please contact Ajay Gorrepati by telephone at 215-278-7590 or by email at ag@valogroup.com.

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Item 4: Advisory Business

A. Firm Description

Valo Group, LLC (“Valo Group” or the “Firm”) is an investment management firm that is registered as an Investment Adviser with the SEC. Valo Group is a Delaware limited liability company, which was formed in 2009 as an Illinois limited liability company and redomiciled as a Delaware limited liability company in 2013. Valo Group’s current business activities consist of providing investment advisory services to pooled investment vehicles.

Owners: Ajay B. Gorrepati and John S. Licciardello are the sole owners of the Firm, with Mr. Licciardello holding an 80% interest and Mr. Gorrepati holding a 20% interest. Mr. Gorrepati and Mr. Licciardello serve as the Firm’s Managing Members and Investment Adviser Representatives. Mr. Gorrepati also serves as the Chief Compliance Officer.

B. Types of Advisory Services

Valo Group serves as the investment manager to Valo Group Fund, L.P. (the “Group Fund”) and Valo Group Partners Fund, L.P. (the “Partners Fund”), both Delaware limited partnerships, as well as Valo Group Offshore Fund, Ltd. (the “Offshore Fund” and collectively with the Group Fund and the Partners Fund, the “Funds”), a Cayman Islands exempted company. The Offshore Fund will invest all or substantially all of its assets in the Group Fund. The Group Fund and the Partners Fund will invest their assets in securities. Valo Group will be responsible for the formulation and implementation of the Funds’ investment strategies, evaluating and monitoring investments by the Funds and will make all investment decisions for the Funds. Valo Group provides investment advisory services to the Funds based on the investment objectives of the Funds.

The Group and Partners Funds are presently offering two (2) classes of interests: (1) “Class A Interests” and (2) “Class B Interests.” The two classes are identical in all respects except the Class B Interests will be subject to a Lock-Up Period (defined below) and a lower Management Fee (*See Item 5*). The Offshore Fund also currently offers two (2) classes of shares: (1) “Class A Shares” and (2) “Class B Shares.” The two classes are identical in all respects except the Class B Shares will be subject to a Lock-Up Period and a lower Management Fee (*See Item 5*). Further, the Class A Shares and Class B Shares are sub-divided into “Sub-Class X” and “Sub-Class Y,” which are identical in all respects except that only the Sub-Class X Shares of each Class may participate in Side Pocket Investments.

This document is not an offer to sell or a solicitation of an offer to buy Interests in the Funds. Such investments are made only after receipt and review of the Confidential Private Placement Memorandum of the Group and Partner Funds as well as the Explanatory Memorandum of the Offshore Fund (collectively, the “Memoranda”) and execution of certain agreements.

The Memoranda contain important information concerning risk factors and other material aspects of the Funds and it must be read carefully before making an investment decision. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memoranda.

C. Tailored Relationships

Valo Group provides investment advisory services to the Funds based on the investment objectives of the Fund. Valo Group does not provide tailored investment advice to the limited partners or shareholders in the Funds.

D. Wrap Fee Programs

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a “bundled” form. In exchange for these “bundled” services, the clients pay an all-inclusive (or “wrap”) fee determined as a percentage of the assets held in the wrap account. Valo Group does not participate in and is not a sponsor of wrap fee programs.

E. Assets under Management

When calculating regulatory assets under management, an Investment Adviser must include the value of any private fund over which it exercises continuous and regular supervisory or management services. Valo Group manages approximately \$63,900,000 in client assets. This Asset Under Management (“AUM”) figure is based on calculations as of September 24, 2014.

Item 5: Fees and Compensation

A. Description and Billing

Valo Group’s compensation and billing are as follows:

Valo Group earns its fees and compensation by providing investment management services to the Funds. The compensation will be in the form of a management fee (the “Management Fee”) and performance-based fees (the “Performance Allocation”), and assessed and billed as follows:

Group Fund

Valo Group’s Management Fee with respect to the Group Fund is calculated quarterly in advance. For each limited partner holding Class A Interests, the Management Fee is equal to 0.4375% (1.75% per annum) of such limited partner’s capital account balance as of the beginning of each quarter. For each limited partner hold Class B Interests, the Management Fee is equal to 0.30% (1.20% *per annum*) of such limited partner’s capital account balance as of the beginning of each quarter. The Management Fee will be appropriately prorated to reflect any capital withdrawals and contributions which occur during a calendar quarter.

These fees are deducted from each limited partner’s account. Lower fees for comparable services may be available from other sources. These fees are negotiable.

Partners Fund

Valo Group's Management Fee with respect to the Partners Fund is calculated quarterly in advance. For each limited partner holding Class A Interests, the Management Fee is equal to 0.4375% (1.75% per annum) of such limited partner's capital account balance as of the beginning of each quarter. For each limited partner hold Class B Interests, the Management Fee is equal to 0.30% (1.20% *per annum*) of such limited partner's capital account balance as of the beginning of each quarter. The Management Fee will be appropriately prorated to reflect any capital withdrawals and contributions which occur during a calendar quarter.

These fees are deducted from each limited partner's account. Lower fees for comparable services may be available from other sources. These fees are negotiable.

Offshore Fund

Valo Group's Management Fee with respect to the Offshore Fund is calculated quarterly in advance. For each holder of Class A Shares, the Management Fee is equal to 0.4375% (1.75% per annum) of such shareholder's capital account balance as of the beginning of each quarter. For each holder of Class B Shares, the Management Fee is equal to 0.30% (1.20% *per annum*) of such shareholder's capital account balance as of the beginning of each quarter. The Management Fee will be appropriately prorated to reflect any capital withdrawals and contributions which occur during a calendar quarter.

Valo Group shall receive an annual Performance Allocation in an amount equal to twenty percent (20%) of each shareholder's ratable share of the Offshore Fund's profits for each year during which the net profits allocated to such limited partner exceeds a simple 5% rate of return (the "Hurdle Rate"); provided, however, that the Performance Allocation shall only be assessed to the extent that such profits exceed such investor's "high water mark."

These fees are deducted from each Limited Partner's account. Lower fees for comparable services may be available from other sources. These fees are negotiable.

B. Other Fees and Payments

Each Fund shall pay for all of its respective ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses and investment banking expenses); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, blue sky filings and all costs and expenses related to or incurred in connection with Valo Group's compliance obligations under applicable federal and/or state securities and investment adviser laws arising out of its relationship to the Funds, as well as extraordinary legal expenses); accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Funds; director

and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers and personnel of Valo Group; costs of printing and mailing reports and notices; and other similar expenses related to the Fund, as Valo Group determines in its sole discretion. To the extent that expenses borne by a Fund are paid by Valo Group, the Fund will reimburse Valo Group for such expenses. There may be additional fees or charges that result from the maintenance of a limited partner's participation including, but not limited to, fees associated with purchasing Interests via an IRA and Qualified Retirement Plan. Other fees are generally deducted from the capital account of each limited partner.

C. Refund Policy

Group Fund

Investors holding Class A Interests in the Group Fund will generally be permitted to make withdrawals of capital (not including any value attributable to side pocket investments) as of the close of business on the last day of each calendar quarter or such other date as the Group Fund's general partner may determine in its discretion, provided the withdrawing investor notifies the general partner not less than 90 days in advance of the applicable withdrawal date of its intent to make a withdrawal.

Investors holding Class B Interests in the Group Fund will be subject to a "rolling" two (2) year lock-up period (the "Lock-Up Period") such that a limited partners holding Class B Interests will generally be permitted to make a withdrawal of capital (not including any value attributable to side pocket investments) every two years on the withdrawal date corresponding to the calendar quarter in which the applicable investment was originally contributed to the Group Fund; *provided, that*, the holder of the Class B Interest effecting the withdrawal provides written notice to the general partner at least 90 days prior to the applicable withdrawal date. Solely for purposes of determining the Lock-Up Period, there shall be established a separate capital account for each capital contribution made by a holder of Class B Interest. The general partner may, in its sole discretion, waive the Lock-Up Period, in whole or in part, for certain limited partners holding Class B Interests; *provided, that*, if the general partner waives the Lock-Up Period with respect to any Class B limited partner for a particular withdrawal date, then every other Class B limited partner shall be permitted to withdraw a proportionate amount capital as of such withdrawal date, with reference to the limited partner holding a Class B Interest for which the greatest waiver is permitted (as a percentage of such Class B limited partner's capital account balance as of such withdrawal date).

Partners Fund

Investors holding Class A Interests in the Partners Fund will generally be permitted to make withdrawals of capital (not including any value attributable to side pocket investments) as of the close of business on the last day of each calendar quarter or such other date as the Partners Fund's general partner may determine in its discretion, provided the withdrawing investor notifies the general partner not less than 90 days in advance of the applicable withdrawal date of its intent to make a withdrawal.

Investors holding Class B Interests in the Partners Fund will be subject to a “rolling” two (2) year lock-up period (the “Lock-Up Period”) such that a limited partners holding Class B Interests will generally be permitted to make a withdrawal of capital (not including any value attributable to side pocket investments) every two years on the withdrawal date corresponding to the calendar quarter in which the applicable investment was originally contributed to the Partners Fund; *provided, that*, the holder of the Class B Interest effecting the withdrawal provides written notice to the general partner at least 90 days prior to the applicable withdrawal date. Solely for purposes of determining the Lock-Up Period, there shall be established a separate capital account for each capital contribution made by a holder of Class B Interest. The general partner may, in its sole discretion, waive the Lock-Up Period, in whole or in part, for certain limited partners holding Class B Interests; *provided, that*, if the general partner waives the Lock-Up Period with respect to any Class B limited partner for a particular withdrawal date, then every other Class B limited partner shall be permitted to withdraw a proportionate amount capital as of such withdrawal date, with reference to the limited partner holding a Class B Interest for which the greatest waiver is permitted (as a percentage of such Class B limited partner’s capital account balance as of such withdrawal date).

Offshore Fund

Class A Shares in the Offshore Fund generally may be redeemed as of the close of business on the last day of each calendar quarter or such other date as the Offshore Fund’s board of directors may determine in its discretion, provided the redeeming investor notifies the Offshore Fund not less than 90 days in advance of the applicable redemption date of its intent to make a redemption.

Class B Shares in the Offshore Fund will be subject to a “rolling” two (2) year lock-up period (the “Lock-Up Period”) such that Class B Shares may generally be redeemed every two years on the redemption date corresponding to the calendar quarter in which the Class B Shares were originally issued; *provided, that*, the Offshore Fund receives written notice of such redemption at least 90 days prior to the applicable redemption date. The board of directors may, in its sole discretion, waive the Lock-Up Period, in whole or in part, for certain shareholders holding Class B Interests; *provided, that*, if the board of directors waives the Lock-Up Period with respect to any shareholder for a particular redemption date, then every other shareholder shall be permitted to redeem a proportionate number of Shares as of such redemption date, with reference to the shareholder for which the greatest waiver is permitted (as a percentage of such shareholder’s outstanding Shares as of such withdrawal date).

D. Other Compensation

Valo Group does not accept any compensation other than the Management Fee and the Performance Allocation.

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

A. Performance-Based Fees

Performance-based fees (“Performance Allocation”) are based on a share of the capital gains or capital appreciation of the assets of a client. Fees based on performance means Valo Group participates directly in the account’s results.

As noted in Item 5, Valo Group will receive fees based on performance as follows:

Offshore Fund

Valo Group shall receive an annual Performance Allocation in an amount equal to twenty percent (20%) of each shareholder’s ratable share of the Offshore Fund’s profits for each year during which the net profits allocated to such limited partner exceeds a simple 5% rate of return (the “Hurdle Rate”); provided, however, that the Performance Allocation shall only be assessed to the extent that such profits exceed such investor’s “high water mark.”

These fees are deducted from each Limited Partner’s account. Lower fees for comparable services may be available from other sources. These fees are negotiable.

Valo Group’s related entity, Valo, LLC (“Valo”), which serves as the general partner of the Group and Partners Funds, will receive a Performance Allocation as follows:

Group Fund

Valo Group shall receive an annual Performance Allocation in an amount equal to twenty percent (20%) of each limited partner’s ratable share of the Group Fund’s profits for each year during which the net profits allocated to such limited partner exceeds a simple 5% rate of return (the “Hurdle Rate”); provided, however, that the Performance Allocation shall only be assessed to the extent that such profits exceed such investor’s “high water mark.”

Partners Fund

Valo Group shall receive an annual Performance Allocation in an amount equal to twenty percent (20%) of each limited partner’s ratable share of the Partners Fund’s profits for each year during which the net profits allocated to such limited partner exceeds a simple 5% rate of return (the “Hurdle Rate”); provided, however, that the Performance Allocation shall only be assessed to the extent that such profits exceed such investor’s “high water mark.”

B. Side-by-Side Management

“Side-by-Side Management” refers to a situation in which the same adviser manages accounts that are billed based only on a percentage of assets under management (“Management Fee”) and at the same time manages other accounts for which fees are assessed only on a Performance Fee. Valo Group does not conduct side-by-side management of dissimilar advisory accounts.

Item 7: Types of Clients

A. Types of Clients

Valo Group provides investment advice to pooled investment vehicles.

Interests in the Partners Fund are being offered under the 3(c)(1) exemption of the Investment Company Act for investment by up to one hundred (100) persons who are “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act and certain non-accredited investors who have sufficient knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of an investment in the Partners Fund.

Interests in the Group Fund are being offered under the 3(c)(7) exemption of the Investment Company Act for investment by a limited number of persons who are both (i) “accredited investors” as defined in Rule 501(a) of Regulation D under the 1933 Act and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act.

To the extent that shares in the Offshore Fund are offered to non-U.S. persons, the Offshore Fund will rely on the exemption provided by Regulation S under the Securities Act of 1933. To the extent that shares in the Offshore Fund are offered to U.S. persons, the Offshore Fund will rely on the exemption set forth in Rule 506 of Regulation D under the Securities Act of 1933. U.S. persons who wish to purchase shares in the Offshore Fund must be a tax-exempt person or an entity in which substantially all of the ownership interests are held by tax-exempt U.S. persons. U.S. persons wishing to purchase shares in the Offshore Fund must also represent that they are (i) “accredited investors” as defined in Rule 501(a) of Regulation D under the 1933 Act and (ii) “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act.

B. Conditions for Account Management

The minimum initial capital contribution for the Funds is \$100,000. The general partner of the Group Fund and the Partners Fund as well as the board of directors of the Offshore Fund each reserves the right to reduce the minimum initial capital contribution and to accept subscriptions for lesser amounts.

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

A. Methods of Analysis

Valo Group may utilize one or more of the following methods of analysis when providing investment advice to its clients:

Technical analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known

about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental analysis consists of analyzing financial statements of companies, calculating financial ratios, and reviewing cyclical trends of industries in conjunction with other monetary policy indicators to assess the overall performance and profitability of companies. Fundamental analysis is performed on historical and present data. There are risks associated in making financial forecasts on such data. Since fundamental analysis takes a long-term approach to analyzing markets and often looking at data over a number of years, a gain may not be realized until several years.

B. Investment Strategies

The Funds' portfolios invest in long or short positions in equity, performing and distressed debt, and structured products. Valo Group will focus on the following strategies:

Fundamental Value Driven. Valo Group's core competency is to understand and forecast the strength of a business and, by extension, its cash flow three to five years into the future. Detailed and thorough research allows an advantage in assessing a company's competitive position, including: i) relative strength of customers, competitors, and suppliers, ii) barriers to entry, and iii) threats from new technologies. This diligence also includes a survey of the industry landscape and the long term drivers of demand. This research will determine the likely value of the company in three to five years and identify risks to achieving that value.

Valo Group believes the Funds' long-term investor base and flexible mandate best enables it to pursue this value strategy because its long-term horizon matches that of the investors in the Funds and its flexibility enables it to find the best value in any asset class. Valo Group will seek to find niches in areas which have less competition or where it has an advantage.

Invest Across Asset Classes. Valo Group will look across the broadest possible universe to identify situations where market price varies most dramatically from long-term value. It will compare value throughout the capital structure (debt and equity), in different investment styles, in public or private securities, and utilize both long and short strategies.

Valo Group will take a conservative approach to avoid losses by allocating capital away from asset classes that appear to have become crowded and over-valued. Strong performing areas attract a flood of capital just as appealing opportunities fade. After over-valued areas collapse, they tend to over-correct and become attractive as investor sentiment swings from greed to fear. Most investors are pinned to a single asset class and beholden to its cycles, but the Firm will have the flexibility to move to the areas that offer the best value.

Invest with Long-term Horizon. Valo Group will seek to make investments that should perform well over the long-term, even if these investments are uncertain in the short-term. Many investors face redemptions if quarterly or annual performance is weak – so investments that should perform well in the short-term become over-valued relative to

long-term investments. Market price tends to revert to fundamental value over the long-term, especially if the business is generating substantial cash flow.

The Firm gravitates towards complex situations. Other funds tend to avoid complicated and distressed situations because short-term price movements are often volatile. The Firm aims to buy during periods of short-term troubles and sell once health has been restored. These situations require additional subject matter expertise, due diligence, and focus on downside protection.

Protect the Downside. Superior investment performance is obviously an important goal, but Valo Group insists that this performance be achieved with less-than-commensurate risk. The Firm places a higher priority on downside protection than upside potential. It always seek protections such as contracted cash flow, utilization of worst-case scenario projections, meaningful liquidation value of hard assets, and a senior position in the capital structure. The Firm compliments this conservative approach with the use of hedges to mitigate investment specific and systemic portfolio and market risks.

Balanced Portfolio. Valo Group intends to hold a concentrated portfolio for each Fund of core high-conviction positions, along with a smaller number of tactical long and short positions. The Firm will seek a balanced industry mix. It will not use leverage to drive returns, rather it will only use leverage sparingly in select situations. Valo Group takes a patient and disciplined approach to investing; if it cannot find high-conviction opportunities that meet its standards, the Firm is happy to allocate the portfolio to cash. Finally, Valo Group aims to construct a portfolio to maximize after-tax and inflation adjusted returns.

C. Material Risks of Methods of Analysis and Investment Strategies

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Notwithstanding the method of analysis or investment strategy employed by the Firm, the assets within the account are subject to risk of devaluation or loss. Valo Group wants investors to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

The model strategy discussed above may have, but are not limited to, the challenges:

- *Systems Risks.* Valo Group must to develop and implement appropriate systems for the portfolio activities. There is a reliance extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to oversight of the portfolio's activities. The ability of its systems to accommodate an increasing volume of transactions could also constrain the Firm's ability to manage

the portfolio.

- *Execution of Orders.* Trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected. Trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error attributable to employees, brokers, agents or other service providers. As a result, the Firm would not be able to achieve the market position and therefore the portfolio might incur a loss in liquidating its position.
- *Operational Risks.* The volume and complexity of the transactions may place substantial burdens on the Valo Group's operational systems and resources, including those related to trade entry and execution, position reconciliation, corporate actions, collateral and margin maintenance, marking procedures, finance, accounting, profit and loss reporting, internal management and risk reporting and funds transfers. Human error, system failure or other problems with any of these processes could result in material losses or costs.
- *Lack of Diversification.* Portfolios may have a non-diversified portfolio and may have large amounts of assets invested in a small number of investments. Such lack of diversification substantially increases market risks and the risk of loss associated with an investment in the portfolio.
- *Portfolio Turnover.* Client portfolios will engage in short-term trading. Short-term trading refers to the practice of selling securities held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what Valo Group believes are changes in a market, industry or individual company. Short-term trading increases the portfolio's transaction costs, which could affect the performance, and could result in higher levels of taxable realized gains.

Risks involved with the Funds:

Alternative investment products often engage in leveraging and other speculative investment practices that may increase the risk of investment loss. Because risks are inherent in all the investments in which the Funds engage, no assurances can be given that the Funds' investment objectives will be realized.

There can be no assurance that the Funds will achieve their investment objectives or avoid substantial losses. An investor could lose all or a substantial amount of his or her investment. Notwithstanding the method of analysis or investment strategy employed by the Firm, the assets within the Funds are subject to risk of devaluation or loss. An investor should not make an investment in the Funds with the expectation of sheltering income or receiving cash distributions.

Valo Group believes that substantial returns can be achieved by investing in the Funds; however, such investment involves a high degree of risk. Because risks are inherent in all the investments in which the Funds engage, no assurances can be given that the Funds' investment objectives will be realized. **Valo Group urges investors to review carefully the risk factors set forth in each Fund's memorandum.** Each Fund's

memorandum contains important information concerning risk factors and other material aspects of such Fund and must be read carefully before any decision whether to invest is made. The risk factors set forth in each Fund's memorandum are those deemed by Valo Group to be the most significant.

Each Fund's success depends on Valo Group's strategies and the ability to implement its investment strategies. Any factor that would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, may also be detrimental to profitability. No assurance can be given that the investment strategies to be used by the Funds will be successful under all or any market conditions.

The Funds have limited operating history and there can be no assurance that the Funds will grow to or maintain an economically viable size. Further, the skill of the Firm will play a significant role in its ability to achieve each Fund's investment objectives. The ability to achieve a certain investment objective depends on the ability of the Firm to correctly identify economic trends.

An investment in the Funds should form only a part of a complete investment program, and an investor must be able to bear the loss of his or her entire investment. There can be no assurance that the Funds will achieve their investment objectives or avoid substantial losses. An investor should not make an investment in the Funds with the expectation of sheltering income or receiving cash distributions. Prospective investors are urged to consult with their own financial, tax and legal advisors before investing in the Funds.

D. Recommendation of Specific Types of Securities

Valo Group specializes in recommendations related to the Funds which are designed for investors who have the knowledge and experience in financial matters to evaluate the merits and risks of such investments. Fund investments may include, but are not limited to, long or short positions in equity, performing and distressed debt, and structured products.

Item 9: Disciplinary Information

The Firm is required to disclose whether there are legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Valo Group and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Item 10: Other Financial Industry Activities and Affiliations

A. Financial Industry Activities

Valo Group is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of Valo Group's management or

supervised persons is registered as representatives of, or has applications pending to register as representatives of a broker-dealer.

B. Financial Industry Affiliations

Valo Group is not registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, none of Valo Group's management or supervised persons is registered as, or has applications pending to register as associated persons of the foregoing entities.

While Valo Group is not registered as a commodity pool operator ("CPO") or as a commodity trading advisor ("CTA") under the Commodity Exchange Act ("CEA") in reliance on the exemption under Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3), Valo Group has filed a Notice of Claim for Exemption with the National Futures Association ("NFA") with respect to the Partnership pursuant to CFTC Rule 4.13(b).

C. Other Material Relationships

The Firm is related to Valo, LLC ("Valo") through common ownership as both entities are owned and controlled by Ajay B. Gorrepati and John S. Licciardello. Valo is a limited liability company organized under the laws of Delaware, serves as the general partner of the Group and Partners Funds. As the general partner, Valo is primarily responsible for the management of the Group and Partners Funds. While Valo is not registered as a commodity pool operator ("CPO") or as a commodity trading advisor ("CTA") under the Commodity Exchange Act ("CEA") in reliance on the exemption under Commodity Futures Trading Commission ("CFTC") Rule 4.13(a)(3), Valo Group has filed a Notice of Claim for Exemption with the National Futures Association ("NFA") with respect to the Partnership pursuant to CFTC Rule 4.13(b).

Valo Group and its affiliates (including the Principals and officers and employees of Valo Group) intend to make investments in the Funds. Fund Interests or Shares held by Valo Group and its affiliates will not be subject to the fees. This creates a material conflict of interest; such conflicts are addressed in Item 11B. Further, these and other pertinent conflicts of interest are disclosed in detail in each Fund's memorandum.

Valo Group does not have any other arrangements that are material to its advisory or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, or an entity that creates or packages limited Funds other than those already disclosed herein.

D. Other Investment Advisers

Valo Group does not have any arrangements with other investment advisers that are material to its clients or advisory business.

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

A. Code of Ethics

All employees of Valo Group must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, Valo Group has determined to adopt a Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or at least the potential for or the appearance of such a conflict), and to establish reporting requirements and enforcement procedures relating to personal trading by Valo Group personnel. Valo Group's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

B. Participation of Interest in Client Transactions

Valo Group solicits potential limited partners or shareholders to purchase interests in the Funds. Valo Group's Managers, Ajay B. Gorrepati and John S. Licciardello, are also investors in the Funds. These and other pertinent conflicts of interest are disclosed in each Fund's memorandum. Fund Interests held by Valo Group and its affiliates will not be subject to the fees, but will share pro rata in all other expenses and liabilities of each Fund. Valo Group earns a management fee from the Funds and a performance-based fee from the Offshore Fund.

Valo Group and its employees/related persons will not be precluded from engaging directly or indirectly in any other business or other activity, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities and other investments for their own accounts and for the accounts of family members(collectively, "Other Accounts"). Valo Group will attempt to allocate investment opportunities that come to its attention on a fair and equitable basis amongst the Funds and the Other Accounts for which participation in the respective opportunity is considered appropriate. These and other pertinent conflicts of interest are disclosed in each Fund's memorandum.

C. Proprietary/Simultaneous Trading

At times, Valo Group and/or its supervised persons (i.e., Investment Adviser Representatives) may buy or sell securities for their own accounts, which we have also recommended to the Funds. This presents a conflict of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our clients before transacting for our own benefit. It is the policy of Valo Group that supervised persons must avoid security transactions and activities for their own accounts that might conflict with or be detrimental to the interest of the Funds. To the extent supervised persons are aware of trades in individual issues being considered, recommended, or traded for the Funds' accounts,

the supervised persons will make every effort to trade in their own accounts after trades are executed for the Funds. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our proprietary and personal trading reports for adherence to our Code of Ethics. Valo Group will always document any transactions that present conflicts of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our client before transacting for our own benefit.

Item 12: Brokerage Practices

A. Selection and Recommendation

Valo Group is not limited in its authority to purchase securities for the Funds. Valo Group has full discretion and authority to make all investment decisions with respect to the types and the amount of securities to be bought or sold for the Funds.

Valo Group will have complete discretion regarding the selection of brokers for the Offshore Fund and the amount of brokerage commissions and fees paid to such brokers, and this determination will be based upon four factors: (1) where the best execution (price) is likely to be obtained; (2) a brokerage firm's research and investment ideas that directly impact the Offshore Fund's portfolio; (3) a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); and (4) the operational aspects of brokerage firms' back office (will the Fund receive payment of securities on a timely basis) and custodian or other administrative services. "Best execution" is not synonymous with lowest brokerage commission. Consequently, Valo Group may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction for other investment funds similar to the Funds. However, Valo Group has determined that the research, execution and other services rendered by a particular broker merit greater than typical fees.

Valo Group, as investment manager to the Offshore Fund has selected Interactive Brokers LLC and Jefferies LLC, both members of the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Securities Investor Protection Corp. ("SIPC"), as the Offshore Fund's prime brokers and custodians.

The general partner of the Group and Partners Funds, Valo, will have complete discretion regarding the selection of brokers for the Group and Partners Funds and the amount of brokerage commissions and fees paid to such brokers, and this determination will be based upon the same factors that Valo Group uses to select brokers for the Offshore Fund.

B. Soft Dollar Benefits

Valo Group may receive brokerage and research services from its qualified custodians. These services are within the purview of "soft dollars" benefits pursuant to the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, one or more of the brokerage firms would provide or pay the costs of certain services, equipment, or other items. These soft dollar benefits are

attributed to Valo Group by reducing its expenses; however, the amount of the fee paid to Valo Group by the client will not be reduced. These services are for the benefit of Valo Group in consideration of the Adviser's allocation of brokerage transactions made on behalf of clients (on both an agency and net basis) and may not directly benefit client accounts. Soft dollar arrangements may benefit the Investment Advisory Firm by reducing its expenses; however, the amount of the fee paid to the Investment Advisory Firm by the client will not be reduced. Nonetheless, Valo Group believes that to the extent it makes allocations to brokerage business with soft dollar arrangements, this would generally enhance the ability to obtain research, optimal execution and other benefits on behalf of our clients.

As of September 24, 2014, Valo Group has not utilized any particular procedures during the last fiscal year to direct client transactions to a particular broker in return for products and research services rendered.

C. Brokerage for Client Referrals

Selling commissions and/or referral fees may be paid in connection with the offering of interests in the Funds. A portion of the Management Fee may be remitted to third parties introducing limited partners or shareholders to the Funds, or Valo Group may use its own resources to compensate third parties for such introductions. Valo Group may also direct brokerage from the Offshore Fund's trades to broker-dealers which introduce shareholders to the Offshore Fund, subject to applicable laws. This creates a conflict of interest as Valo Group may have an incentive to select or recommend a broker-dealer based on Valo Group's interest in receiving client referral, rather than on the Offshore Fund's interest in receiving most favorable execution.

D. Directed Brokerage

Valo Group provides investment advisory services involved with the Funds. Due to the structure of pooled investment vehicles, directed brokerage arrangements are not applicable to nor affect the brokerage policies of Valo Group.

E. Order Aggregation

Valo Group may, at times, aggregate sale and purchase orders of securities for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to Valo Group. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Aggregate orders will be allocated to the Funds in a systematic non-preferential manner. The allocation of securities among client accounts will be done on a fair and equitable basis. Transactions will be averaged as to price and will be allocated among

clients in proportion to the purchase and sale order placed for each client account on any given day.

Item 13: Review of Accounts

A. Periodic Reviews

Valo Group reviews the Funds' investment programs, including current holdings, on a continual basis. The Firm reviews the Funds' investment programs to monitor risk, analyze rates of return, allocation of assets and to verify that the each Fund's portfolio is consistent with its investment objective.

B. Intermittent Review Factors

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in each Fund's objectives.

C. Client Reports

Valo Group provides every shareholder in the Offshore Fund on a monthly basis with unaudited performance reports reviewing the Offshore Fund's investment activities, beginning balances, and monthly performance. The general partner of the Group and Partners Funds will furnish limited partners in those funds with unaudited performance reports reviewing each Fund's investment activities, beginning balances, and performance on a quarterly basis (and potentially on a monthly basis at the general partner's sole discretion).

The Fund's books of account will be audited at the end of each fiscal year by a firm of certified public accountants. Books of account will generally be kept by each Fund, in accordance with GAAP. Audited financial statements are provided to limited partners and shareholders annually, within 120 days following the conclusion of each Fund's annual audit. In addition, all limited partners will receive the information necessary to prepare federal and state income tax returns following the conclusion of such fiscal year as soon thereafter as is reasonably practical.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits from Others

The Firm does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients.

B. Compensation to unaffiliated Third Parties

Neither the Firm nor its related persons compensate directly or indirectly any person who is not a supervised person for client referrals.

Item 15: Custody

A. Custodian of Assets

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

Physical custody of our clients' funds and securities are held by a qualified custodian. Valo Group does not take physical custody of client assets and/or securities under any circumstances.

Valo Group has custody of each Fund's portfolio assets because it has the ability to deduct advisory fees payable to it and it has a general power of attorney over the Fund's account. Additionally, the general partner (the Firm's related party) of the Group and Partners Funds, also has custody of those Funds' portfolio assets (funds and securities). The physical assets of each Fund, however, are held at each Fund's qualified custodian. The physical assets of the Funds are held in an account with Interactive Brokers, LLC and Jefferies LLC, which are the Funds' qualified custodians of the Funds' portfolio assets.

B. Account Statements

Each fund's administrator will deliver transaction reports to Valo Group. With regard to these reports, Valo Group is not required to provide information about specific investment transactions of the Funds. On a monthly basis, Valo Group will provide shareholders in the Offshore Fund with unaudited performance reports and other pertinent information regarding the Fund's performance. The general partner of the Group and Partners Funds will furnish limited partners in those funds with unaudited performance reports as well.

Item 16: Investment Discretion

Valo Group is not limited in its authority to purchase securities for the Funds. Valo Group has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Funds.

Item 17: Voting Client Securities

Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the client's investment. Proxy voting decisions must be made solely in the best interests of the client's account. In voting proxies, our Firm is required to consider those factors that may affect the value of the client's investment and may not subordinate the interests of the client to unrelated objectives.

Valo Group will exercise all rights, powers and privileges of ownership in all Fund property, including the right to vote, give assent, execute, and deliver proxies. Each

Fund's investors are required to adopt the voting policies of that Fund for purposes of their investments in the Fund. Valo Group has adopted proxy voting policies and procedures for voting proxies on behalf of the Funds.

Item 18: Financial Information

A. Balance Sheet Requirement

A balance sheet is not required to be attached because Valo Group is not the qualified custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.

B. Financial Condition

Valo Group has discretionary authority to manage client assets. Valo Group does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

C. Bankruptcy Petition

The Firm has not been the subject of a bankruptcy petition at any time during the last 10 years.

Valo Group Privacy Policy Notice

Current regulations require financial institutions (including investment funds) to provide their clients with an initial and annual privacy notice describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our clients.

We do not disclose nonpublic personal information about our clients or former clients to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the advisor, fund administrator, custodian, accountants or auditors. We do not otherwise provide information about you to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.