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March 25, 2015

This Brochure provides information about the qualifications and business practices of Persimmon Capital Management, LP ["PCM"]. If you have any questions about the contents of this Brochure, please contact us at 484-572-0500. 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.

PCM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

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## **Item 2 – Material Changes**

Set forth below is a discussion of the material changes to PCM's Brochure since the last annual update on March 25, 2014. Capitalized terms used in this Item 2 without definition have the meanings set forth elsewhere in this Brochure.

Item 15 – Custody: PCM has included language regarding PAR Fund SPV, LLC's custodian status and audit procedures.

Personnel: Todd Dawes, formerly a Senior Vice President of PCM, is no longer employed by the firm. Arthur Holly was hired in August 2014 as the firm's Chief Investment Officer.

Our Brochure may be requested by contacting Amy Armstrong, Vice President, at 484-572-0500 or [aarmstrong@persimmoncapital.com](mailto:aarmstrong@persimmoncapital.com).

Additional information about PCM is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with PCM who are registered, or are required to be registered, as investment adviser representatives of PCM.

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## **IMPORTANT NOTE ABOUT THIS BROCHURE**

*This Brochure is not:*

- ◆ *an offer or agreement to provide advisory services to any person;*
- ◆ *an offer to sell interests (or a solicitation of an offer to buy interests) in any Fund advised by PCM (as defined in this disclosure);*
- ◆ *a complete discussion of the features, risks or conflicts associated with any Fund advised by PCM.*

*As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), PCM provides this Brochure to current and prospective clients. PCM may also, in its discretion, provide this Brochure to current or prospective investors in certain Funds, together with other relevant offering materials, such as the Fund’s private placement memorandum, prior to, or in connection with, such persons’ investment in such Funds.*

*Although this Brochure describes the investment advisory services of PCM, persons who receive this Brochure (whether or not from PCM) should be aware that it is designed solely to provide information about PCM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant offering materials.*

*More complete information about each Fund advised by PCM is included in relevant offering materials, which may be provided to current and eligible prospective investors only by PCM or its authorized agents. If there is any conflict between information conveyed in this disclosure document and that conveyed in any offering materials, the information contained in the relevant offering materials shall be deemed to govern and control.*

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#### **Item 4 – Advisory Business**

Persimmon Capital Management, LP (“PCM”) was founded in December 1998 by Gregory S. Horn, who is the principal owner of the firm. PCM is organized as a Delaware limited partnership.

PCM is a consulting firm that provides investment advisory services to Clients. These services include the identification of investment objectives, investment policy development, asset allocation, asset class research, and manager search and selection. Additionally, PCM provides portfolio monitoring and periodic manager reporting to our Clients. Services are generally provided on a non-discretionary basis. PCM service offerings do not include legal or tax advice. All tax implications which emanate from our asset allocation and/or manager selection process should be referred to tax and accounting professionals.

A primary component of our service offerings entails due diligence performed by PCM on potential managers that utilize various investment strategies. Prospective managers must satisfy a rigorous due diligence review by PCM prior to becoming a qualified manager for representation to our Clients. This due diligence process is clearly explained to our Clients prior to engaging a recommended manager.

Recommended managers represent various investment strategies and styles such as large cap value, large cap growth, mid-cap, small cap, developed and emerging market international equities, domestic fixed income, global fixed income, hedged equity strategies such as long/short domestic equities, various arbitrage strategies and other non-traditional asset classes such as managed futures. PCM strives to recommend to Clients superior managers within asset classes and strategy groups and thereby attain the investment objectives for each specific asset class incorporated in the investment policy and asset allocation strategy. PCM does not select specific securities for our Clients, insofar as the selection process is delegated to the independent manager(s).

PCM is not a sponsor of nor participates as a manager in any wrap programs.

As of December 31, 2014, PCM manages \$73,997,000 of discretionary assets under management and \$140,264,000 of non-discretionary assets under management.

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

##### ***Advisory Fees***

Prior to engaging PCM to provide advisory services, Clients are generally required to enter into an Investment Advisory Agreement with PCM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided and applicable fees. PCM charges fees as a percentage of assets under management for its services. Such fees are due and payable quarterly, in advance, and are based upon the fair market value of the Client’s account assets as determined by the Client account custodians, as of the last day of the previous calendar quarter. Fees for the initial quarter will be adjusted *pro-rata* based upon

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the number of calendar days in the calendar quarter that the Agreement goes into effect. Fees are negotiable at the sole discretion of PCM based upon any number of factors including, but not limited to, the nature of the services provided and/or other services provided on behalf of the Client. The basic fee schedule for investment advisory services is as follows:

First \$5 million: 1.00%

Next \$5 million: 0.75%

Accounts with assets valued over \$10 million: 0.50%

Accounts with assets valued over \$20 million: 0.40%

Accounts with assets valued over \$40 million: Negotiable

PCM reserves the right to negotiate fees that are lower than the referenced fee schedule with Clients, including related persons of the firm.

### ***Other Fees and Expenses***

PCM's fees do not reflect other expenses which may be borne by Clients. These additional fees and expenses include brokerage commissions, transaction fees, exchange fees and other related costs and expenses which shall be incurred by the Client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in the fund's prospectus. Such charges, fees and commissions and/or expenses are exclusive of and in addition to PCM's fee, and PCM shall not receive any portion of these commissions, fees, and costs.

With regard to the fund of funds complex, accrued debts and liabilities are deducted from the value of the partnerships' assets in determining the partnerships' net asset value. These debts and liabilities include: (a) fees of the general partner that are earned but not yet paid, (b) monthly amortization of organization costs, (c) any allowance for the partnerships' estimated annual audit and legal fees and other operating expenses, and (d) any contingencies for which reserves are appropriately accrued under Generally Accepted Accounting Principles as determined to be required.

More information related to fees and expenses associated with the fund of funds complex is outlined in the governing documents. More information related to fees and expenses associated with the investment company are outlined in the prospectus.

### ***Investment Advisory Agreements***

The Investment Advisory Agreement will continue in effect until terminated by either party upon thirty (30) days' written notice to the other party, and the fees pre-paid but unearned will be refunded on a prorated basis where applicable. Clients are responsible to pay for services rendered up until written notice of termination is received by PCM from the Client or its duly authorized agent. Termination of the Agreement will not affect the validity of any action previously taken by PCM under the Agreement. Upon termination of the Agreement, PCM will

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not have any obligation to recommend or take any action with regard to the securities, cash or other investments in the Account.

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

As a matter of policy, PCM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a Client). As noted above in Item 5, PCM charges fees as a percentage of assets under management.

#### **Item 7 – Types of Clients**

PCM provides wealth management services to an exclusive group of high net worth investors, foundations, endowments, and mid-sized institutions. PCM is also the investment adviser to a master/feeder hedge fund of funds complex, Persimmon Absolute Return Master Fund, LP, and Persimmon Long Short Fund, a multi-manager long/short mutual fund (Ticker: LSEIX and LSEAX). PCM also conducts long/short equity hedge fund manager due diligence and monitoring for its affiliate, AlphaHedge Capital Partners, LLC.

In general, for wealth management Clients, PCM requires that a Client “household” maintain a minimum relationship balance with PCM of \$5 million or greater; however, this minimum may be waived based upon such factors as the nature of the services provided and/or other services provided on behalf of the Client. Any waiver of this minimum is at the discretion of PCM.

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

PCM utilizes the resources of independent firms for research and due diligence on traditional asset managers. PCM augments this research by also conducting due diligence on managers utilizing methods proprietary to PCM. This due diligence may include on-site visits to money manager offices, interviews with investment personnel and senior management, inspections of their client files, conversations with their performance auditors (if any), and in-depth analysis of PCM Client accounts.

All research and selection of hedge funds for inclusion in PCM’s hedge fund of funds complex is conducted in-house by PCM’s investment research team. This research includes on-site visits to hedge fund offices, interviews with investment personnel and senior management, inspections of their hedge fund files, as well as communications with their fund auditors, prime brokers and administrators.

**Investing in securities involves risk of loss that Clients should be prepared to bear.** The following investment risks may be present to some degree when investing in the capital markets, depending upon the types of securities in which you invest.

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

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- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
  - **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
  - **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
  - **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
  - **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
  - **Financial Risk:** This risk set measures the potential for shareholders or bondholders to lose money due to the combination of the security issuer's leveraged balance sheet and/or poor cash flow, thereby creating an untenable position for the issuer to meet financial obligations. A highly levered company uses debt financing to supplement inadequate capital and/or operational cash flow. Creditors will therefore be repaid before shareholders and some bond holders. As this likelihood grows other risk sets begin to emerge such as default risk (for bondholders) and dividend cancellations (for shareholders). Financial risk is the keystone of investment securities analysis insofar as over time, this analysis measures the likelihood of bond default and bankruptcy.
  - **Liquidity Risk:** When consistent with a Client's investment objectives, guidelines, restrictions and risk tolerances, the firm may invest portions of Client portfolios in illiquid securities, subject to applicable investment standards. Investing in an illiquid (difficult to trade) security may restrict Client's ability to dispose of investments in a timely fashion or at an advantageous price, which may limit the ability to take full advantage of market opportunities.
  - **Partnership Risk:** Some qualified PCM accounts may hold assets which are interests in partnerships. While some partnership interests may be relatively liquid and even be exchange listed or traded over-the-counter, the majority of such limited partnership assets are illiquid and may be subject to less regulation than publicly traded and registered securities.



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- **Fixed Income Risk:** Portfolios that invest in fixed income securities are subject to several related risk sets, including interest rate risk, credit risk, and default risk. These risks, either individually or in tandem, may escalate to the point that interest due or the principal investment itself could be at risk of non-repayment. These risks may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.
  - **Foreign/Emerging Markets Risk:** Investments in securities of foreign and emerging market issuers involve different investment risks than those affecting obligations of U.S. issuers. Chief among these is the political risk attendant to securities issued in a foreign jurisdiction. Political risk, when fully manifest, can affect various aspects of a foreign investment including access to private capital, adverse monetary policy, and fiscal policy developments (i.e., taxes, exchange controls, etc.), which could substantially erode the value of foreign securities. Additional risks include the following:
    - Public information may be limited with respect to foreign and emerging markets issuers;
    - Foreign and emerging markets issuers may not be subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies;
    - There may also be less government supervision and regulation of foreign and emerging markets securities exchanges, thereby increasing risk of fraud or misappropriation;
    - Foreign issued securities may be less liquid and more volatile than securities of comparable domestic issuers;
    - Brokerage commissions and other transaction costs on foreign and emerging markets securities exchanges are generally higher than in the U.S. Dividends and interest paid by foreign and emerging markets issuers may be subject to withholding and other foreign taxes, which may decrease the net return on foreign investments as compared to dividends and interest paid by U.S. companies;
    - Foreign capital markets often have different clearance and settlement procedures for securities transactions;
    - Securities purchased in a foreign or emerging markets portfolio can be denominated or quoted in currencies other than the U.S. dollar; foreign exchange fluctuations, particularly during times of significant changes in U.S. or foreign monetary policy, may significantly impact the net investment returns generated by foreign holdings.
  - **High-yield Fixed Income Securities Risk:** Investments in high-yielding, non-investment grade bonds involve higher risk than investment grade bonds. Adverse conditions may affect the issuer's ability to make timely interest and principal payments on these securities. Additionally, the reinvestment risk of these security types is significant wherein the reinvestment of principal may be at substantially lower yields.

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- Derivatives (options) Risk: Options involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss, including the loss of principal. For short options positions, i.e., writers of options, the risk of loss may substantially exceed the premium received by the option seller.
  - Small/Mid Cap Risk: Stocks of small, emerging companies may have less liquidity than those of larger, established companies and may be subject to greater price volatility and risk than the overall stock market.
  - Diversification Risk: Investments that are concentrated in one or few industries or sectors may involve more risk than more diversified investments, including the potential for greater volatility.

PCM's fund of funds offering provides access to independent third party managers. Clients should be aware that they may be able to obtain services from these managers directly and/or through another party unrelated to PCM, with similar or lower fee structures.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of PCM or the integrity of PCM's management. PCM has no information applicable to this Item.

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

Neither PCM, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither PCM, nor any of our directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

PCM is the adviser to one master/feeder hedge fund of funds complex: Persimmon Absolute Return Master Fund, LP and a fund registered with the SEC pursuant to the Investment Company Act which is a daily NAV mutual fund, Persimmon Long Short Fund, both of which are multi-fund strategies that may be recommended to Clients. These funds were initially created for wealth management Clients of PCM to be able to invest in a diversified pool of hedge funds that would be otherwise difficult to access due to high fund minimums, difficulty identifying prospective funds, and the complexity of the due diligence process required to analyze such funds. As such, PCM will receive management fees from each of these multi-fund strategies as referenced above in Item 5. Any advisory Clients of PCM who invest in the above referenced funds will not be charged an additional advisory fee on that portion of the Client's assets in such funds.

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Persimmon GP II, LLC, the general partner for Persimmon Absolute Return Master Fund, LP and its feeder funds, is under common control with PCM.

For more information regarding the multi-fund strategies noted, including a description of the Funds and their expenses, please refer to the Fund's Private Placement Memorandum, Information Memorandum, or Prospectus.

PCM is one of the owners of AlphaHedge Capital Partners, LLC ("AlphaHedge"), an investment adviser registered with the SEC. AlphaHedge contracts with investment advisory firms to provide investment advisory services in connection with investment programs. The advisory firms, in turn, provide their clients access to AlphaHedge's investment program. Clients of AlphaHedge are not solicited to invest in any of PCM's limited partnerships and/or limited liability companies. However, clients of AlphaHedge may also be Clients of PCM. PCM will also provide certain services to AlphaHedge. These services include researching and screening all potential portfolio managers and Model Providers (third-party investment management firms that provide model portfolios). PCM is compensated by AlphaHedge for such services.

Gregory S. Horn, President of PCM, is also the CEO of AlphaHedge.

### **Item 11 – Code of Ethics**

As a registered investment adviser, PCM serves as a fiduciary to its Clients. As a fiduciary, PCM owes its Clients "an affirmative duty of utmost good faith and full and fair disclosure of all material facts." PCM must disclose all material facts, including conflicts of interest, pertaining to PCM, its business model and/or its employees.

PCM has adopted a Code of Ethics which addresses current and potential conflicts of interests and the means by which they will be disclosed and appropriately managed. Potential conflicts of interest may originate with the firm or its employees in the following areas: gifts and entertainment; political contributions; outside business activities of employees; and unauthorized sharing or use of confidential information. With regard to the latter, insider trading presents a potential conflict wherein employees that trade for their own account may act upon confidential information. PCM has implemented policies and procedures for personal securities transactions of directors, officers and employees, and for those employees who desire to participate in initial public offerings, limited offerings, and private placements. Each employee of PCM is required to annually certify in writing that he or she has read and understands the Code of Ethics.

PCM's Code of Ethics is available in its entirety to Clients or prospects. Please contact Amy Armstrong, Vice President, at 484-572-0500 or [aarmstrong@persimmoncapital.com](mailto:aarmstrong@persimmoncapital.com) for a copy of PCM's Code of Ethics.

### **Item 12 – Brokerage Practices**

Currently, the only Clients that PCM maintains discretionary authority over are the two multi-fund strategies it advises, which include: Persimmon Long Short Fund and Persimmon Absolute

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Return Master Fund, LP and its related feeder funds. All other accounts are considered non-discretionary as set forth in the applicable Client Investment Advisory Agreement.

***Best Execution***

PCM does not select broker-dealers, as this decision is made by the Client. Due to minimal PCM-directed trading activity within Client accounts, PCM will trade through each Client's respective custodian. Evaluations of the reasonableness of brokerage commissions are limited; however, PCM will review trading costs to determine if they are reasonable and competitive and shall notify Clients if they are deemed excessive.

***Trade Aggregation***

As a fiduciary, PCM must allocate securities and advisory recommendations among its Clients in a fair and equitable manner. PCM may aggregate orders on behalf of its advisory Clients where applicable, if such aggregation is deemed to be advantageous to such Clients. In these cases, transactions prices and costs are shared proportionately by participating Client accounts. PCM initiates a pre-allocation for Client accounts whereby suitability of the investment is determined for Client accounts. If the investment is suitable for multiple accounts, PCM will determine the total amount to be transacted. If an aggregated trade is not completely filled, PCM will allocate the transaction among the Client accounts, as applicable, on a pro-rata basis based upon account size, applying an average price, and will document all changes to the initial allocation. Exceptions may occur on a case-by-case basis when determined by PCM to be fair and reasonable to all Client accounts involved.

***Cross Trades***

As a matter of policy, PCM does not conduct agency cross transactions. An 'agency cross transaction' occurs when an investment adviser acts as broker for the advisory firm and the other party to the trade. PCM does not cross trades between Client accounts. Agency cross transactions may also arise if an adviser is or affiliates with a broker-dealer. PCM is not a broker-dealer and is not affiliated with a broker-dealer.

***Directed Brokerage***

PCM does not engage in directed brokerage arrangements (whereby a client instructs the adviser to execute transactions on its behalf with a designated broker-dealer).

***Soft Dollars***

PCM does not receive research or other products or services, other than execution, from a broker-dealer or third party in connection with client securities transactions ("soft dollar benefits").

**Item 13 – Review of Accounts**

Client portfolios are reviewed monthly, quarterly and at other times considered necessary based upon market conditions or changes in Client risk tolerance as communicated in writing to PCM. These account reviews are conducted by the President of PCM. Separately managed accounts are reviewed for adherence to investment process by the account's designated investment

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manager(s). Additional criteria prompting a review include account performance, trading activity, and portfolio cash flow.

PCM will provide Clients with monthly reports delineating the manager account beginning and ending balance for each investment manager in the portfolio; portfolio beginning and ending balances; and cash flows in and out of each account. Performance for each manager and for the portfolio is provided for the month and compared to appropriate indices. Additionally, on a quarterly basis, Clients receive a detailed performance report including a market overview pertaining to global capital market characteristics for the reporting period. Specific to the Client portfolio, each Client is provided with cash flows in the account, performance by manager and for the portfolio, portfolio attribution for separate accounts, performance attribution for managed accounts, asset statements for separate accounts, portfolio activity, unrealized and realized gain/loss reports for separately managed accounts and additional customized reports as requested.

Clients also receive reports directly from custodians chosen by Clients.

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

PCM receives no economic benefit from sources other than Clients.

PCM engages the services of at least one unaffiliated third party to solicit Clients on its behalf. This arrangement(s) is governed by a legal agreement between parties to ensure compliance with applicable federal and state statutes. If a Client is introduced to PCM by an unaffiliated solicitor, PCM may pay the solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940 if required, in addition to applicable state securities regulations. Any such referral fee shall be paid solely from PCM's investment management fee, and shall not result in any additional charge to the Client.

#### **Item 15 – Custody**

Clients should receive monthly statements from the broker-dealer, bank or other qualified custodian that holds and maintains Client investment assets. PCM urges Clients to carefully review all statements and compare the official custodial records to the account statements that PCM and others may provide to Clients. PCM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The Persimmon Absolute Return Fund master/feeder complex is subject to an annual audit due to PCM's relationship to the general partner of the fund. The funds' annual financial statements are prepared in accordance with GAAP by a qualified independent auditor who is registered and inspected by the Public Company Accounting Oversight Board ("PCAOB"). Audited financial statements are distributed to fund of funds investors within 180 days of the funds' fiscal year-end as required under the Advisers Act.

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Upon the final liquidation of the fund of funds, PCM will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP to all investors promptly after completion of the audit.

While Clients invested in the Persimmon Absolute Return Fund master/feeder complex do not receive statements from the custodian, Clients will receive monthly statements from the third party fund administrator in addition to the audited financial statements received by June 30<sup>th</sup> annually.

Effective June 30, 2014, the assets of PAR Fund SPV, LLC are held by a qualified custodian. PAR Fund SPV is not subject to an annual audit, but is subject to an annual surprise exam. The auditors do not prepare audited financial statements, but the custodian distributes quarterly statements to fund investors in addition to the third party fund administrator distributing monthly valuation statements to fund investors.

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

Currently, the only Clients over which PCM maintains discretionary authority are the Persimmon Absolute Return Master Fund, LP, a master/feeder hedge fund of funds complex, and a daily NAV mutual fund, Persimmon Long Short Fund, both of which are multi-fund strategies that may be recommended to Clients. All other accounts are considered non-discretionary as set forth in the applicable Client Investment Advisory Agreement.

When selecting securities and determining allocations, PCM observes the investment policies, limitations and restrictions of the hedge funds of funds for which it advises pursuant to the fund's governing documents.

Client investment guidelines and restrictions must be provided to PCM in writing.

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

As a matter of firm policy and practice, PCM does not have authority to and does not vote proxies on behalf of advisory Clients. Investment managers of managed or sub-advised accounts or their designees vote proxies on Clients' behalf.

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

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about PCM's financial condition. PCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients, and has not been the subject of a bankruptcy proceeding.