

BPP Capital, LLC

PART 2A OF FORM ADV: FIRM BROCHURE

Item 1. Cover Page

1355 Greenwood Cliff Road, Suite 300A
Charlotte, NC 28204
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This brochure provides information about the qualifications and business practices of BPP Capital, LLC (“BPP Capital”). If you have any questions about the contents of this brochure, please contact B. Pearson Pendergrass at (704) 945-0493 or pendergrass@bppcapital.com. 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.

Additional information about BPP Capital is also available on the SEC’s website at: www.adviserinfo.sec.gov.

BPP Capital is registered as an investment adviser with the SEC. SEC registration does not imply a certain level of skill or training.

Item 2. Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that advisers provide to clients as required by SEC Rules. This is BPP Capital’s initial Brochure, and is prepared according to the SEC’s new requirements and rules. In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure. We will further provide you with a new Brochure as necessary based on changes, new information, or at your request, at any time, without charge.

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Item 4. Advisory Business

General Description of Advisory Firm

BPP Capital, LLC (“BPP Capital”) is an investment adviser with its principal place of business in Charlotte, North Carolina. BPP Capital was formed in July, 2015 and will begin providing advisory services after the effective date of its registration with the SEC. BPP Capital is 100% owned and managed by B. Pearson Pendergrass.

Description of Advisory Services

BPP Capital provides discretionary investment advisory services primarily, but not exclusively, regarding investments in investment funds and public securities to highly sophisticated clients, which include the following:

- public charitable foundations (the “Foundations”); and
- high net-worth individuals.

Tailored Services for Clients

BPP Capital provides advice to its clients based on their specific investment objectives and strategies. These objectives and strategies may differ by client; as such, BPP Capital provides tailored services and responds to investor-imposed limitations on investment activities.

Client Assets Under Management

BPP Capital currently does not manage any assets. Within 120 days after the effective date of its registration, BPP Capital reasonably believes that it will manage in excess of \$100 million on a discretionary basis.

Item 5. Fees and Compensation

General Fee Information

Fees charged by BPP Capital are individually negotiated and based upon the services to be provided to the client. Such fees include a combination of some or all of the following fees: retainer fees, management fees, overhead fees, reimbursement fees, and performance-based compensation. Although variable, the total of all such fees combined typically equates to an annualized fee that is less than 1.5% of the value of the assets managed by BPP Capital.

Third-Party Fees and Expenses

As part of each client’s investment strategy, BPP Capital may direct client assets into hedge funds and other private funds, exchange-traded funds (“ETFs”) or other registered investment companies. In each case, each individual client will pay its *pro rata* share of any fees and expenses, including performance-based fees, charged by the underlying investments.

Additionally, BPP Capital manages, on behalf of its clients, securities portfolios. The portfolios incur trading and brokerage commission charges, the *pro rata* portion of which are deducted from each

client's respective account, as applicable. Please see the response to Item 12 for additional information about brokerage commissions.

Neither BPP Capital nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As stated in Item 5 above, BPP Capital charges some clients performance-based fees, which are fees based on a share of capital appreciation of the client's assets above an agreed-upon benchmark. The performance-based fees received by BPP Capital may be based primarily on realized and unrealized gains and losses. If the performance-based fee earned is based on unrealized gains, clients may never realize the returns to which the fee corresponds.

Because the proportion and amounts of performance-based fees charged to some clients may be greater than those from others, BPP Capital may have an incentive to favor one client over another. Performance-based fees may also provide an incentive for BPP Capital to invest a client's funds in riskier investments that promise potential higher returns.

BPP Capital has adopted and implemented policies and procedures intended to address potential conflicts of interest related to the management of multiple client accounts and the allocation of investment opportunities. These policies and procedures are intended to ensure that no clients are favored or disadvantaged on the basis of fees. BPP Capital's general allocation policy is to allocate investments and redemptions in investment funds, as well as securities transactions, on a *pro rata* basis. In this regard, allocations to investment funds and securities transactions are generally distributed *pro rata* based on the size of the account and any target model weights on a best efforts basis to the extent practicable among appropriate portfolios. Similarly, redemptions are generally allocated on a *pro rata* basis based on the size of the account and any target model weights.

Item 7. Types of Clients

BPP Capital's clients generally consist of the Foundations and high net-worth individuals. There is no minimum investment amount for establishing a discretionary account, as such amount is determined on a client-by-client basis.

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

Investment Fund Managers

A significant portion of client assets may be invested in a variety of investment funds covering many different investing styles. BPP Capital systematically evaluates investment fund managers with an approach involving personal interviews in the managers' offices, phone interviews, and analysis of documents provided by the managers. Each manager's investment strategy, portfolio management skills and performance are analyzed. Investment fund management firms are monitored through regular, ongoing contact both in their offices and through phone calls and electronic communications.

In addition to its investment reviews, BPP Capital may also utilize third parties to conduct a legal review, an operational due diligence review, a risk data review, and a separate risk assessment. If an investment fund manager does not pass any one of these reviews, it will typically not be considered for investment.

The investment managers employ investment strategies that cover a broad range of asset classes including public securities, including both debt and equity; private investments of debt and equity; options, futures and other structured derivative securities; and other investment styles and strategies. BPP Capital generally divides the private fund universe into the following categories: Long/Short Equity, Equity Market Neutral, Event-Driven Equity, Convertible Bond Hedging, Fixed Income Relative Value, Distressed Debt, Long/Short Credit, and Opportunistic:

- Long/Short Equity: Long/short equity managers construct net long or net short portfolios by using equity hedging strategies. These strategies typically involve taking a long position in a stock while shorting an individual stock or broad based market instrument. Net and gross exposures are managed in order to take advantage of both current market conditions and the resulting investment opportunity set. Long/short equity managers use short positions to hedge against a general stock market decline as well as to generate alpha. The managers differ across sectors, geographical regions, and styles such as value or growth.
- Equity Market Neutral: Equity market neutral managers construct portfolios that balance long and short positions in order to hedge systemic factors or exposures. Investment funds are generally constructed to be neutral across sectors, industries, and investment styles.
- Event-Driven Equity: This broad strategy area focuses on event-driven trades implemented mainly through equity positions. In executing this strategy, managers seek to profit from discontinuities in the valuation of securities caused by “events.” These discontinuities may occur as a result of pending “traditional” merger and acquisitions negotiations, but also through pending restructurings, reorganizations, spin-offs, asset sales, liquidations and share class or company holdings being discounted.
- Convertible Bond Hedging: Convertible bond hedging generates profits by identifying pricing disparities between a company’s convertible bonds and its underlying stock. Convertible bond hedging managers actively monitor the factors that will change the relationship between the convertible bond and underlying equity and typically execute a hedge by purchasing the convertible bond and selling short the stock.
- Fixed Income Relative Value: Managers employing these strategies seek to capture profit from taking offsetting long and short positions in related fixed income securities and derivatives. The pricing difference between very closely related fixed income securities is often narrow. As a result, managers typically use leverage to magnify the small pricing discrepancies between the instruments.
- Distressed Debt: Managers that focus on distressed debt strategies invest in the securities of companies that are experiencing financial or operational difficulties. Typically, based on a specific manager’s style, a distressed debt investment fund invests in bank debt, corporate debt, trade claims, common stock, or warrants. Distressed situations can include reorganizations, bankruptcies, distressed sales, and other corporate restructurings.
- Long/Short Credit: This area focuses on fixed income securities where the majority of the return is derived from credit exposure and selection as opposed to the general term structure of interest rates. Strategies utilized by long/short credit include the purchase or short sale of stressed and distressed bonds, bank loans, high-yield debt and securities

from recently reorganized firms. Long/short credit managers employ a wide variety of strategies to invest across the capital structure on a long and short basis.

- Opportunistic: This category aims to capitalize on strategies not necessarily captured by the above sectors and take advantage of niche opportunistic investments that may have a shorter investment horizon or a focused mandate. Such mandates are sourced by specialty managers across a range of strategies, including global macro, commodity-driven debt and equity, and managed futures. Another goal of this area is to improve the overall risk composition of our portfolios, including but not limited to hedging mandates and the pursuit of other asymmetric investments.

Public Securities Portfolios

BPP Capital also advises its clients with respect to direct investment in global equity securities and other publicly-traded securities. BPP Capital's investment objective for these types of investments is to generate superior risk-adjusted returns over the long-term by utilizing a concentrated value investing strategy. BPP Capital attempts to capitalize on price inefficiencies created by short-term market dislocations in order to identify undervalued securities that offer the potential for long-term capital appreciation with minimal risk of permanent principal loss. Complementary strategies that BPP Capital may pursue include currency and other tail-risk hedges.

The analytical process of BPP Capital centers on three key elements: (1) in-depth fundamental research, (2) conservative estimates for the intrinsic value of the underlying business, and (3) identifiable event paths to unlock value over time.

Material Risks

Investing in investment funds and securities involves a risk of loss that BPP Capital's clients and their investors should be prepared to bear. There are material risks associated with the investment strategies employed by the managers of the investment funds as well as the securities portfolios. Some of these risks are described below.

Equity Securities. The value of the securities held by client, directly or through an investment fund, is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. A client's net asset value will increase and decrease, reflecting fluctuations in the value of securities underlying the securities held directly or by an investment fund.

Short Selling. Some of the investment funds will engage in short selling, both as part of their general investment strategy and for hedging purposes. Short selling involves selling securities that are not owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows an investment fund to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss upon such repurchase.

Debt and Other Income Securities. Many of the investment funds may invest in fixed-income and adjustable rate securities. Income securities are subject to interest rate, market and credit risk. Interest rate risk relates to changes in a security's value as a result of changes in interest rates generally. Even though such instruments are investments that may promise a stable stream of income, the prices of such

securities are inversely affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations.

Mortgage-Related Securities. Mortgage-related securities are collateralized by residential or commercial mortgages or pools of residential or commercial mortgages. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. These securities may include complex instruments such as collateralized mortgage obligations, stripped mortgage-backed securities, mortgage pass-through securities, interests in real estate mortgage investment conduits, as well as other real estate related securities. Mortgage-related securities are subject to credit risks associated with the performance by the mortgagors.

Convertible Securities. Some of the investment funds will invest in convertible securities (“Convertibles”), which are generally debt securities or preferred stocks that may be converted into common stock. The market value of a Convertible performs like that of a regular debt security; that is, if market interest rates rise, the value of a Convertible usually falls. Since it is convertible into common stock, the Convertible generally has the same types of market and issuer risk as the underlying common stock. Convertibles that are debt securities are also subject to the normal risks associated with debt securities, such as interest rate risks, credit spread expansion and ultimately default risk, as discussed below. Convertibles are also prone to liquidity risk as demand can dry up periodically, and bid/ask spreads on bonds can widen significantly. Because convertible arbitrage also involves the short sale of underlying common stock, the strategy is also subject to stock-borrow risk, which is the risk that the investment fund will be unable to sustain the short position in the underlying common shares.

High-Yield Securities. Investment funds may invest in high-yield securities, which are generally unrated or rated below investment grade debt securities and may be considered speculative. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, an investment fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer’s inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities (which react primarily to fluctuations in the general level of interest rates) and tend to be more sensitive to economic conditions than are higher-rated securities.

Distressed Securities. An investment fund may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they may also offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers.

Foreign Sovereign Debt. Sovereign debt includes bonds that are issued by foreign governments or their agencies, instrumentalities or political subdivisions or by foreign central banks. Sovereign debt also may be issued by quasi-governmental entities that are owned by foreign governments but are not backed by their full faith and credit or general taxing powers. Investment in sovereign debt involves special risks. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal and/or interest when due in accordance with terms of such debt, and an investment fund may have limited legal recourse in the event of a default.

Non-U.S. Exchanges and Markets. BPP Capital and certain investment funds may engage in trading on non-U.S. exchanges and markets. Trading on such exchanges and markets may involve certain risks not applicable to trading on U.S. exchanges and is frequently less regulated. For example, certain of those exchanges may not provide the same assurances of the integrity (financial and otherwise) of the marketplace and its participants as do U.S. exchanges. There also may be less regulatory oversight and supervision by the exchanges themselves over transactions and participants in such transactions on those exchanges.

Non-U.S. Investments. Investment in non-U.S. issuers or securities principally traded outside the United States may involve certain special risks due to economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of withholding taxes on dividend or interest payments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Furthermore, issuers of non-U.S. securities are subject to different, often less comprehensive, accounting reporting and disclosure requirements than domestic issuers. The securities of some foreign governments and companies and foreign securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. The foregoing risks associated with non-U.S. investments are even greater in emerging markets.

Currency Risk. The value of non-U.S. security or investment fund's assets may be affected favorably or unfavorably by the changes in currency rates and exchange control regulations. Currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by political developments.

Derivatives Risk. Certain investment funds may invest in derivatives. Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. An investment fund's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. If an investment fund invests in a derivative instrument, it could lose more than the principal amount invested. Finally, the assets of an investment fund may be pledged as collateral in swap and other derivatives transactions. Thus, if the investment fund defaults on such an obligation, the counterparty may be entitled to some of all of the assets of the investment fund as a result of the default.

Futures Contracts and Options on Futures Contracts. Investment funds may purchase and sell futures and options on futures contracts. Futures contracts are traded on a futures exchange and call for the future delivery of a specified "commodity" at a specified time and place. Futures prices are highly volatile. The profitability of purchases and sales of futures contracts by an investment fund will depend on the investment fund manager's ability to analyze price movements in those markets. Because low margin deposits are normally required, an extremely high degree of leverage is obtainable in futures and options trading. A relatively small price movement in a futures contract, consequently, may result in large losses. Thus, like other highly leveraged investments, any purchase or sale of a futures contract may result in losses which exceed the amount invested.

Option Transactions. Investment funds may engage from time to time in various types of options transactions. An option gives the purchaser the right, but not the obligation, upon exercise of the option, either (i) to buy or sell a specific amount of the underlying security at a specific price (the "strike" price or "exercise" price), or (ii) in the case of a stock index option, to receive a specified cash settlement. To purchase an option, the purchaser must pay a "premium," which consists of a single, nonrefundable payment. Unless the price of the instrument underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the investment fund may lose the entire amount of the

premium. The purchaser of an option runs the risk of losing the entire investment. Thus, an investment fund may incur significant losses in a relatively short period of time.

OTC Transactions. Certain investment funds may invest in derivative instruments that are not traded on organized exchanges and, as such, are not standardized. These transactions are known as over-the-counter (“OTC”) transactions. In general, there is less governmental regulation and supervision in the OTC markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes an investment fund to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. In addition, an investment fund will be subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy, governmental prohibition or other causes, which could subject the investment fund to losses.

Insolvency or Failure of Prime Broker, Other Broker-Dealers. Institutions such as brokerage firms or banks may hold certain of an investment fund’s assets in “street name.” Bankruptcy, inadequate controls or fraud at one of these institutions, in particular, an investment fund’s prime broker, which may hold the majority of that investment fund’s assets, could impair the operational capabilities or the capital position of that investment fund. In addition, as an investment fund may borrow money or securities or utilize operational leverage with respect to its assets, that investment fund will post certain of its assets as collateral securing the obligations or leverage (“Margin Securities”). Some or all of the Margin Securities may be available to creditors of that investment fund’s prime broker in the event of its insolvency. In addition, there may be substantial delays in the repayment of that investment fund’s assets in the event that the prime broker were to become insolvent, as well as a risk of total loss of such assets.

Cash Positions. A substantial portion of a BPP Capital client’s assets may, from time to time, be maintained in cash or cash-equivalent investments. Although such a practice may assist in the preservation of capital, the assumption of cash positions may also impact overall investment return. Cash investment practices of a client’s portfolio may be expected, therefore, to affect total investment performance of a client’s portfolio.

Special Situations. Certain investment funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or result in a distribution of cash or a new security the value of which will be less than the purchase price to the investment fund of the security or other financial instrument in respect of which such distribution is received.

Leverage. Certain investment funds may seek to enhance returns through the use of leverage. Certain investment funds may borrow greater than 100% of their assets under management pursuant to the strategy employed by such investment funds. Leverage magnifies both the favorable and unfavorable effects of price movements in the investments of an investment fund, which may subject the investment fund, and thus a BPP Capital client’s portfolio, to a substantial risk of loss.

Item 9. Disciplinary Information

BPP Capital is required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of BPP Capital or the integrity of BPP Capital’s management. BPP Capital has no information applicable to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Neither BPP Capital nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated person thereof.

As described in more detail in the response to Item 8 above, BPP Capital invests the assets of the clients' portfolios in investment funds managed by other investment advisers. BPP Capital does not receive compensation from the other investment advisers in connection with such investments.

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

BPP Capital has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act") that obligates BPP Capital and its related persons to put the interests of its clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. All BPP Capital personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting B. Pearson Pendergrass (Chief Compliance Officer) by email at pendergrass@bppcapital.com or by telephone at (704) 945-0493.

BPP Capital is committed to complying with applicable laws and regulations and to maintaining the highest ethical standards in connection with the management of BPP Capital. BPP Capital's Code of Ethics reflects BPP Capital's view on dishonesty, self-dealing, conflicts of interest and trading on material, non-public information, which will not be tolerated. The Code of Ethics also requires employees to provide true and accurate copies of initial and annual securities holdings reports as well as quarterly securities transaction reports to the Chief Compliance Officer.

Under BPP Capital's Code of Ethics, employees and their families are not permitted to trade in most securities or investment funds without the prior approval of the Chief Compliance Officer. From time to time, BPP Capital personnel may invest in the same securities or investment funds as client, and such activity could create a potential conflict of interest. All such investment activity by BPP Capital personnel is subject to BPP Capital's Code of Ethics.

BPP Capital employees may benefit from educational events sponsored by industry service providers such as prime brokers, administrators, law firms, audit firms, and other such professional service firms. This may give employees an incentive to use such service providers. BPP Capital protects clients from this conflict of interest by requiring that each service provider is chosen in the best interests of its clients, in accordance with the Code of Ethics and BPP Capital's fiduciary duty to its clients.

Item 12. Brokerage Practices

BPP Capital considers a number of factors in selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include net price, reputation, financial strength and stability, efficiency of execution and error resolution. In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, BPP Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not BPP Capital's practice to negotiate "execution only" commission rates; thus, a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer that are included in the

commission rate. BPP Capital's investment team meets periodically to evaluate the broker-dealers used by BPP Capital to execute client trades using the foregoing factors.

BPP Capital may receive research or brokerage services from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. Currently, BPP Capital has informal soft dollar arrangements with certain firms that provide services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

From time to time, BPP Capital may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a private fund managed by BPP Capital or recommend these private funds as an investment to clients. BPP Capital may place client portfolio transactions with firms who have made such recommendations or provided capital introduction opportunities, if BPP Capital determines that it is otherwise consistent with seeking best execution. In no event will BPP Capital select a broker dealer as a means of remuneration for recommending BPP Capital or any other product managed by BPP Capital (or an affiliate) or affording BPP Capital with the opportunity to participate in capital introduction programs.

BPP Capital typically purchases or sells the same security for its clients contemporaneously and using the same executing broker. It is BPP Capital's practice to aggregate client orders for the purchase or sale of the same security submitted contemporaneously for execution using the same executing broker. Such aggregation may enable BPP Capital to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating client accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. If an order is only partially filled, BPP Capital's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to clients, and this typically results in a *pro rata* allocation to all participating clients.

BPP Capital does not have any directed brokerage arrangements.

Item 13. Review of Accounts

Each BPP Capital client account is reviewed by BPP Capital's managing member and portfolio manager, B. Pearson Pendergrass, and the investment team on a regular basis, at least monthly. This review process may include analyzing whether securities positions should be maintained in view of current market conditions, as related to clients' investment objectives and guidelines. In addition, BPP Capital's investment staff monitors the investment strategies, performance, and other activities of the investment funds within the applicable sector, including personal visits to the managers' offices, electronic communications, and telephone conversations with the manager and staff.

If any material performance and/or position differences appear among the accounts, additional analysis of the accounts is performed in order to maintain appropriate levels of risk and to maintain the investment objective of each account.

Each client receives monthly, quarterly or other periodic written reports that may include investment commentary and a review of performance. BPP Capital and its clients may also agree that BPP Capital will provide certain other reports.

Item 14. Client Referrals and Other Compensation

BPP Capital receives no economic benefit from non-clients for providing investment advice or other services to clients, and does not compensate any person who is not a supervised person for client referrals.

BPP Capital may receive certain research or other services from broker-dealers through “soft dollar” arrangements. “Soft dollar” arrangements may create an incentive for BPP Capital to select or recommend broker-dealers based on BPP Capital’s interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by BPP Capital on behalf of its clients. Currently, BPP Capital has no formal soft dollar arrangements in place, but, as noted above, has informal arrangements with broker-dealers or other third parties to receive services that constitute research and brokerage within the meaning of Section 28(e) of the Exchange Act.

Item 15. Custody

BPP Capital currently does not manage any assets, therefore there are currently no custodians.

From time to time however, clients may select a broker to hold accounts in custody. In any case, it is the custodian’s responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify BPP Capital of any questions or concerns. Clients are also asked to promptly notify BPP Capital if the custodian fails to provide statements on each account held.

From time to time and in accordance with BPP Capital’s agreement with clients, BPP Capital will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

Item 16. Investment Discretion

BPP Capital provides investment advisory services on a discretionary basis to its clients. Prior to assuming discretion in managing a client’s assets, BPP Capital enters into an investment management agreement that sets forth the scope of BPP Capital’s discretion. Subject to any limitations or restrictions set forth in the applicable investment management agreement, BPP Capital has the authority to determine (i) the securities to be purchased and sold for its clients and (ii) the amount of securities to be purchased or sold for its clients.

BPP Capital typically receives discretionary authority, including a power of attorney, through the investment management agreement with its clients. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

If it appears that a trade error has occurred, BPP Capital will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, BPP Capital’s error correction procedure is to ensure that clients are treated fairly. BPP Capital has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of BPP Capital’s gross negligence, willful misconduct, or fraud, such trade errors will be

corrected by BPP Capital as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

Item 17. Voting Client Securities

As a policy and in accordance with BPP Capital's client agreement, BPP Capital does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact BPP Capital with questions relating to proxy procedures and proposals; however, BPP Capital generally does not research particular proxy proposals.

Item 18. Financial Information

BPP Capital does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, accordingly, is not required to provide a balance sheet. In addition, BPP Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.