

**ROBERTSON FUND MANAGEMENT, L.P.**  
(“*RFM*”)

1415 Louisiana Street, Suite 2400  
Houston, TX 77002  
713.751.7577

PART 2A OF FORM ADV: FIRM BROCHURE  
March 30, 2016

This Brochure provides information about the qualifications and business practices of RFM. If you have any questions about the contents of this brochure, please contact us at (713) 751-7577. 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 RFM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). RFM may refer to itself as a “registered investment adviser” or “*RIA*”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

## **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 purchase interests in any investment product or vehicle advised by RFM;
- a complete discussion of the features, risks or conflicts associated with any fund or account advised by RFM; or
- to be relied on in determining whether to invest in a Private Fund (as defined herein) or establish an advisory relationship with RFM.

As required by the Investment Advisers Act of 1940, as amended (the “*Advisers Act*”), RFM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in a Private Fund, together with other relevant offering materials, prior to, or in connection with, such persons’ establishment or consideration of a client relationship or an investment in a Private Fund.

Persons who receive this Brochure (whether or not from RFM) should be aware that it is designed solely to provide information about RFM as necessary to respond to certain disclosure obligations under the Advisers Act. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a Private Fund’s Governing Documents (as defined below).

More complete information about each Private Fund, as well as RFM’s investment management services in general, is included in relevant Governing Documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any Governing Documents, the relevant Governing Documents shall govern and control.

**In no event should this Brochure be considered to be an offer of interests in a Private Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient.**

## ITEM 2: MATERIAL CHANGES

This is the initial brochure for Robertson Fund Management, L.P. (“**RFM**”). RFM’s activities were previously included in C III Capital Management, LLC’s brochure in March 2015.

*The information set forth in this Brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering and/or governing documents, such documents will control.*

*We encourage all clients and investors to carefully review this document in its entirety.*

### **ITEM 3: TABLE OF CONTENTS**

ITEM 2: MATERIAL CHANGES .....	3
ITEM 3: TABLE OF CONTENTS.....	4
ITEM 4: ADVISORY BUSINESS .....	5
ITEM 5: FEES AND COMPENSATION .....	5
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	6
ITEM 7: TYPES OF CLIENTS .....	7
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ...	7
ITEM 9: DISCIPLINARY INFORMATION .....	9
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	9
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	11
ITEM 12: BROKERAGE PRACTICES.....	12
ITEM 13: REVIEW OF ACCOUNTS .....	14
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION .....	14
ITEM 15: CUSTODY .....	14
ITEM 16: INVESTMENT DISCRETION .....	15
ITEM 17: VOTING CLIENT SECURITIES .....	15
ITEM 18: FINANCIAL INFORMATION .....	15

## ITEM 4: ADVISORY BUSINESS

### *Firm Overview*

Robertson Fund Management, L.P. (“**RFM**”) was founded by Corbin James Robertson, III (“**Robertson III**”) in 2000. C III Capital Management, LLC (“**C3CM**”) is the general partner, and Robertson III is the majority owner, of RFM. RFM and C3CM are registered as investment advisers with the Securities and Exchange Commission and have together filed a single Form ADV. RFM is a “Relying Adviser” of C3CM. RFM and C3CM are subject to a unified compliance program administered by a single Chief Compliance Officer (“**CCO**”) and hold themselves out to current and potential investors as conducting a single advisory business. References throughout this brochure to “the Company” or the Company’s policies and procedures, including C3CM, as applicable.

RFM serves as general partner and investment manager to a pooled investment vehicle (“**Private Fund**”) exempt from registration under the U.S. Investment Company Act of 1940 (the “**Investment Company Act**”) or the U.S. Securities Act of 1933 (the “**Securities Act**”).

As of December 31, 2015, RFM had approximately \$2,175,400 in discretionary gross assets under management. RFM does not currently manage any assets in a non-discretionary manner.

### *Nature of Clients and Investors*

RFM acts as general partner and investment manager to the Lion Fund, L.P., (“**Lion Fund**”), a Private Fund that invests primarily in public equity securities. The Lion Fund is a Texas limited partnership. All limited partners (“**Investors**”) in the funds are “accredited investors,” as defined in Regulation D of the Securities Act. Investors primarily include high net worth individuals. Most Investors in the fund are family members or related entities of Robertson III.

### *Client Investment Mandates*

RFM manages the Private Fund in accordance with the investment objectives, strategies and guidelines as set forth in the Fund’s confidential offering memorandum, organizational documents and other related documents (collectively the Fund’s “**Governing Documents**”). The Private Fund is not tailored to the individualized needs of any particular Investor, though Private Funds may take into consideration the general characteristics (e.g., tax status) of its Investors when structuring its operations. An investment in a Private Fund does not, in and of itself, create an advisory relationship between the Investor and RFM, and RFM typically does not enter into separate advisory arrangements with any Investor. Therefore, each Investor must consider for itself whether any Private Fund meets the Investor’s investment objectives and risk tolerance before investing in a Private Fund. Information about each Private Fund is set forth in its Governing Documents, which are available to current and eligible prospective Investors only through the Fund’s general partner or another authorized party.

## ITEM 5: FEES AND COMPENSATION

The Lion Fund pays a management fee equivalent to 1% annually, based on a percentage of each Investor’s capital account balance, calculated at the beginning of each calendar quarter. Management fees are generally payable annually. The management fee is calculated separately with respect to each Investor and debited from each Investor’s capital account. Capital contributions accepted after the commencement of a calendar quarter will be subject to a prorated management fee. The general partner may reduce or eliminate the management fee with respect to any Investor at its sole discretion, including, the general partner and related persons.

The general partner for the Lion Fund is entitled to a 20% performance allocation, which is calculated and charged separately with respect to each Investor on the basis of net profits. The performance allocation is generally calculated annually as of the end of each fiscal year and for other performance periods as described in the fund's Governing Documents, based on performance for the period and any loss carry-forward from prior periods. The terms of the performance allocation are described in more detail in the Governing Documents for the fund. The general partner may waive or reduce the performance allocation with respect to any Investor at its sole discretion, including the general partner and related persons.

#### ***Other Information With Respect to Private Fund Fees and Expenses***

In addition to the management fee, the Lion Fund pays its own operating expenses, pursuant to the terms established in the Fund's Governing Documents ("***Partnership Expenses***"), which may include, among others: 1) expenses related to portfolio investments, including brokerage commissions and other transaction costs, expenses related to proxies, underwriting and private placements, interest and commitment fees on debit balances or borrowings, borrowing charges on securities sold short, custody fees and fees of professional advisors and consultants relating to investments or prospective investments; 2) taxes, governmental, regulatory, licensing, filing or registration fees; 3) interest due to partners in connection with capital withdrawals; 3) legal fees and expenses and costs arising in connection with any litigation or regulatory investigation as well as liability insurance obtained by the fund of general partner; 4) accounting, audit and tax preparation fees and expenses; 5) costs of any outside appraisers, accountants, attorneys or other experts engaged by the general partner; 6) expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services, service contract for quotation equipment and related hardware and software; 7) expenses associated with offering interests in the fund, including legal and accounting fees, printing costs, travel and out-of-pocket expenses and compliance with any applicable federal and state laws; and 8) expenses associated with reporting and providing information to Investors or holding any partners meeting. The Fund may pay such expenses directly or reimburse RFM or an affiliate for such expenses incurred on behalf of the Fund.

The general partner is generally responsible for its own operating and general overhead expenses, including salaries and employee compensation and benefits, office space and utilities ("***General Partner Expenses***"). Partnership Expenses are described more fully in the Fund's Governing Documents.

#### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As noted above, Lion Funds Investors are generally subject to performance-based fees paid to the general partner that are tied to the performance of the fund. RFM's receipt of performance-based fees raises certain conflicts of interest, which are described below.

##### ***Investment Selection***

Performance-based fees and other arrangements where the incentive to achieve gains may exceed the disincentive to suffer losses may cause RFM to choose investments that are riskier or more speculative than might otherwise have been chosen.

To mitigate these conflicts, Robertson III has invested substantial personal funds in the Lion Funds, and the Company's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to the Private Funds and without consideration of RFM's or its related persons' pecuniary, investment or other financial interests.

### ***Side-by-Side Management***

The performance-based fees paid by each of the Lion Fund and other Private Funds managed by C3CM differ. Such differences in fee structure could theoretically incent the Company to favor one Private Fund over another in its investment allocations. However, the investment objective and strategy for the Lion Fund such other Private Funds are inherently different (as set forth in the Private Funds' Governing Documents). Therefore, investments that are appropriate for one Fund will generally not be appropriate for the other Fund.

### **ITEM 7: TYPES OF CLIENTS**

RFM provides investment management services solely to Private Funds as described in Item 4 above. Investors in the Lion Fund are generally high net worth investors that are generally "accredited investors" within the meaning of the Securities Act and typically family members or other close business associates or relationships.

The Lion Fund has a specified minimum investment of \$250,000 as set forth in its Governing Documents. The general partners has discretion to permit investments of a smaller amount generally or with respect to any Investor.

### **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Following is a summary of the investment strategies and risks involved in RFM's investment activities. Investors and potential investors should review the Governing Documents for the Lion Fund for a more comprehensive discussion of the relevant risks associated with investing in the Fund.

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

The Lion Fund's investment objective is to maximize Partner's capital by taking advantage of differences in the market prices of securities and assets and their respective fundamental intrinsic values. The Fund seeks to buy securities with trading values materially lower than their intrinsic values and sell short securities with trading values materially higher than their intrinsic values. The types of positions that meet this criteria include individual long and short positions in securities and merger arbitrage. The Fund seeks to achieve high absolute rates of return while minimizing the risk of capital loss.

RFM believes that capital markets are efficient over the long term but can be inefficient over the short term. As such RFM seeks to recognize temporary inefficiencies and capitalize on dislocations between intrinsic value and trading by analyzing fundamental, technical, psychology and liquidity factors. RFM's investment methodology involves opportunity identification, opportunity analysis, investment strategy and execution, as discussed in greater detail in the Fund's Governing Documents.

RFM's investment strategy is based on the premise that any particular company may be an attractive investment on its own merits, in relation to another security of the same company, or in relation to a security of another company. In each opportunity, RFM seeks positions it believes will "lock in" a specific rate of return, such as a merger arbitrage, or offer a significant risk-adjusted return. The portfolio is generally built from the bottom up, by evaluating each position on its own merits with limited regard to broad section analysis or macroeconomic variables. The fund portfolio generally consists of 10-20 core long positions, short positions and merger arbitrage. However, the portfolio's composition of positions may vary considerably from time-to-time. The target portfolio composition will vary generally depending on RFM's view of the overall direction of the securities markets, with net long exposure ranging from 10%-40% generally. The Fund may employ leverage on a very limited basis through margin accounts at its broker.

## Investment Risks

The Fund's profitability depends to a great extent upon correctly assessing future price movements of securities and other investments. There can be no assurance that RFM will be able to accurately predict these price movements or that the investment strategy will be profitable. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment. The Fund's investments involve a number of material risks including (but not limited to) the following:

*General Market and Economic Risk:* The value of the Fund's investments may decline due to changes in general economic and market conditions. The value of securities held by the partnership may change in response to developments affecting entire economies, markets or industries, such as inflation, changes in interest rates, political and legal developments, and general market volatility.

*Stock Market Risk:* The Fund invests in equity securities and is subject to stock market risks and significant fluctuations in value. The Fund's investments in equity securities will typically focus on common stocks. Common stocks generally are subordinate to the issuing company's debt securities, credit obligations and preferred stock upon the liquidation or bankruptcy of the issuing company.

*Investment Selection Risk:* The performance of the Fund's investment program depends on our ability to select and size investments appropriately and correctly predict future price movements, economic and market conditions, and/or the value of securities and other investments. The value of the Fund's investments could be adversely affected by developments affecting the specific issuer of the security, even if the overall industry or economy is unaffected. These developments may include a variety of factors, such as management issues, political factors, changes in revenues or profitability, a failure to meet earnings expectations, litigation, bankruptcy, an increase in operating or other costs, or an adverse effect on the issuer's competitive position.

*Small-Cap and Mid-Cap Risk:* The Fund may invest in securities of companies with small and mid capitalizations, which involve higher risks than investments in securities with large capitalizations. For example, securities prices of small and mid capitalization companies are often more volatile than securities prices of large capitalizations companies. Investments in small and mid-cap companies may be illiquid.

*Foreign Securities Risk:* The Fund may invest in foreign securities, which involve certain factors not associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, (ii) differences in foreign securities markets, including absence of uniform accounting, auditing and financial reporting standards and practices and less government supervision and regulation, (iii) political, social or economic instability, and (iv) extension of credit, especially in the case of sovereign debt.

*Concentration Risk:* The Fund's investments generally are not required to be diversified, and it is possible that the partnership's investments could be concentrated in only a few industries, companies, geographic regions, asset types, or strategies. This limited diversity could expose the partnership to losses disproportionate to market movements in general.

*Illiquid Investments Risk:* The Fund may hold investments that are illiquid or have no public trading market, or liquid investments may become illiquid in the future under certain market conditions. Any such investments may be difficult to sell or may be sold only at a substantial discount. If the size of the partnership is reduced through withdrawals, the illiquidity of the partnership's investments could increase, as liquid assets are sold to satisfy withdrawals while illiquid assets are retained.

*Short Selling Risk:* The Fund's investments may include short sales. Short sales create the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the partnership of buying those securities to cover short positions. The



partnership may be unable to cover short positions at or near prices quoted in the market. Purchasing securities to close out short positions can itself cause the price of the securities to rise further, thereby exacerbating losses. In addition, the Fund might have to sell portfolio securities to cover its short obligations at a time when fundamental investment considerations would not favor such sales.

*Derivative Investment Risk:* The Fund may invest in derivative instruments, such as options, futures, forward contracts, and swaps. Many derivatives provide exposure to potential gain or loss from a change in the market price of a financial instrument in an amount that greatly exceeds the cash or assets required to establish or maintain the derivative. Accordingly, relatively small price movements in the underlying financial instrument may result in immediate and substantial losses to the partnership. Many derivatives are illiquid and involve exposure to the credit risk of the counterparty because they depend on the counterparty's ability to perform under the contract.

*Leverage and Borrowing Risks:* The Fund has the ability to borrow funds and incur leverage, subject to applicable margin and other limitations. The Fund could potentially create leverage by the use of options and other derivative instruments. The use of leverage can maximize the losses to which the Fund may be subject. The use of margin and short-term borrowings creates other risks for the Fund. Borrowings may be secured by assets of the Fund. If the value of the Fund's securities falls below the margin level required by its prime broker, additional margin deposits would be required. If the Fund is unable to satisfy any margin call by its prime broker, then the prime broker could liquidate some or all of the Fund's investment positions and cause the partnership to incur significant losses. Interest on borrowings is an expense of the Fund.

*Counterparty Risks:* The Fund may enter into transactions with third parties in which the failure or delay of the third party to perform its obligations could have an adverse effect on the partnership. The Fund's assets will generally be held in the name of its prime broker or its nominee, and the insolvency of the prime broker or its nominee may result in the loss of the partnership's assets.

*Other Risks:* In addition to those risks specific to the Fund's investment strategy and portfolio investments, the Lion Fund is subject to other types of risks, in addition which may include:

- General Economic and Regulatory Risks
- Portfolio Investment Risks
- Risks Related to Leverage and Interest Rate Movements
- Operational and Regulatory Risks
- Risks Relating to Fund Terms and Structure
- Tax Risks

## **ITEM 9: DISCIPLINARY INFORMATION**

RFM is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of RFM or the integrity of RFM's management.

RFM has no information to disclose in response to this Item.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***LKCM HW Funds & Related Entities***

C3CM acts as sub-adviser to private equity funds, LKCM Headwater Investments I, L.P. and LKCM Headwater Investments II, L.P. (the "**LKCM HW Funds**"). Robertson III is an owner and Managing Partner of LKCM Headwater Investments I, GP, L.P. and LKCM Headwater Investments II, GP, L.P., which serve

as general partner to the LKCM HW Funds. C3CM also acts as general partner to Buckhorn Investment Partners I, LP (“**BIP I**”) and Buckhorn Investment Partners II, LP, (“**BIP II**”) which were established for the purpose of investing in portfolio companies of the LKCM HW Funds. Robertson III serves as a Manager of Buckhorn Energy Services, LLC (“**BES**”), a LKCM HW portfolio company, and is personally invested in the company. In this capacity, Robertson III receives a management fee from BES. LKCM HW I has a minority ownership of BES. Robertson III may also serve as director, officer or committee member of various other LKCM HW Fund portfolio companies.

The investment objective and strategy for the LKCM HW Funds and the Lion Fund are inherently different (as set forth in each Fund’s Governing Documents) and we do not believe there are material conflicts of interest with between the investment activities of such Funds. However, Robertson III spends the majority of his time on activities related to C3CM and the LKCM HW Funds. As such, he may face conflicts of interest between discharging his duties to the LKCM HW Funds and related entities and acting in the best interest of RFM Clients. We attempt to mitigate such conflicts through full disclosure to Clients and Investors.

### ***Quintana Capital Group***

Robertson III is an owner of various interests associated with the Robertson family holding company and is an owner and director of QEP Management Co. GP, LLC (“**Quintana**”), a registered investment adviser. Quintana serves as investment adviser to energy focused private equity funds (the “**Quintana Funds**”) and related investment vehicles. The Quintana Funds primarily invest in the energy industry, and Quintana affiliates are independently engaged in activities involving the energy industry. Robertson III serves on the board of various Quintana affiliated portfolio companies. Although the Quintana Funds are no longer making new investments and Robertson III currently only spends approximately 10% of his time on Quintana activities, he may face conflicts of interest between discharging his duties to Quintana and acting in the best interest of RFM Clients. We attempt to mitigate such conflicts through full disclosure to Clients and Investors.

### ***Outside Investment Activities***

Robertson III has engaged in other business ventures, including a fishing apparel company and recreational real estate properties, has various other personal and family investments, which include private equity investments, and may serve in an active or passive capacity with respect to such private equity investments. While we do not expect such activities to present material conflicts of interest with respect to RFM Client activities, we attempt to mitigate any such conflicts through full disclosure to Clients and investors. Pursuant to RFM’s Code of Ethics, Investment Advisory Persons must report all outside business activities. Access Persons must obtain prior approval from the Chief must obtain prior approval from the Chief Compliance Officer (“**CCO**”) for all private investments. Please also refer to Item 11 - Code of Ethics for a discussion on potential conflicts of interest.

### ***Other Registered Activity***

Neither RFM, C3CM, nor any of its supervised persons or affiliates is registered, nor has an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant (“**FCM**”), commodity pool operator (“**CPO**”), commodity trading advisor (“**CTA**”) or an associated person of an FCM, CPO or CTA.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### *Code of Ethics*

C3CM and RFM have adopted a comprehensive Code of Ethics (“**Code**”) to govern personal transactions by employees and to assure that their interests do not conflict with the interests of Clients or, as applicable, Investors in Private Funds. As such, the Code includes: (i) standards of business conduct, requiring that employees comply with relevant provisions of the federal securities laws and the fiduciary duties an investment adviser owes to its clients; (ii) personal securities transaction policies governing personal investment activities and requiring the submission by access persons of reports regarding their personal accounts, holdings and trading activities; and (iii) an insider trading policy. All employees of C3CM are considered to be “access persons” for purposes of the Code. Personnel who fail to observe the Code and related compliance policies risk serious sanctions, including dismissal and personal liability. The Code is available to existing and prospective Clients or Investors upon request.

### *Personal Securities Transactions Policy*

The Code includes a personal securities transactions policy, which imposes certain requirements and restrictions with respect to personal trading and investment activity by access persons. In particular, the Code prohibits front-running Client transactions and requires access persons to obtain the approval of the CCO prior to investing in certain restricted securities, initial public offerings (“**IPOs**”) and private placements, including private equity investments. Employees must identify and disclose potential conflicts and business or other relationships between proposed private investments and Client portfolio investments.

### *Reporting Requirements under the Code*

To assist in monitoring personal trading activities in order to detect potential conflicts of interest or violations of the Code, fiduciary duty or applicable law, access persons must provide periodic reports with respect to personal securities transactions, holdings and accounts, including annual reports of holdings in certain, reportable securities and quarterly reports of their personal transactions in reportable securities. These reports are submitted through an electronic reporting system and reviewed by the CCO or the CCO’s designee.

### *Insider Trading Policy*

RFM and its supervised persons may, from time to time, come into possession of material nonpublic and other confidential information, which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, RFM and its affiliates are generally prohibited from improperly disclosing or using such information for the Company’s personal benefit or for the benefit of any other person, regardless of whether that other person is a Client. The Code establishes procedures to prevent the misuse of material nonpublic information by supervised persons. Accordingly, should RFM or its affiliates come into possession of material nonpublic or other confidential information with respect to any company, it may be prohibited from communicating that information to, or using that information for the benefit of its Clients, and has no obligation or responsibility to disclose such information to, nor responsibility to use that information for the benefit of, the Clients when following policies and procedures designed to comply with law.

### *Gifts and Entertainment*

Employees may on occasion give or accept gifts or entertainment. The Code requires that employees act in the best interest of the Company and its Clients and avoid giving or receiving any gift or entertainment that

might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships, or otherwise violate application laws or regulations.

Our Code of Ethics is available to existing and prospective clients upon request. To receive a copy of our code of ethics, please contact:

Teri Ashley  
C III Capital Management, LLC  
1415 Louisiana Street, Suite 2400  
Houston, Texas 77002  
713-751-7570  
tashley@quintanaminerals.com

### **Participation or Interest in Client Transactions; Related Person Investments**

Robertson III engages in a broad range of investment activities, for his own account and for family entities or investment vehicles, including private equity and other alternative investments as well as publicly-traded securities. Robertson III's proprietary and personal investments may be complementary, competing and, in some cases conflicting, with investments of RFM's Clients. RFM, C3CM, Robertson III or their affiliates may own the same securities held in the Lion Fund or other Client accounts, and will generally make subsequent purchases or sales in such securities following the Fund, unless otherwise approved by the CCO. Additionally, RFM, C3CM, Robertson III or their affiliates may invest or otherwise have an interest, either directly or indirectly, in a Private Fund, which, in turn, may invest, directly or indirectly, in securities held by Clients.

C3CM and its affiliates advise Private Funds that employ various investment strategies. In performing its advisory services, C3CM may give advice to, and take action with respect to, Clients that may differ from actions taken by RFM on behalf of its Clients. RFM is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling for any Account any security that C3CM or an affiliate may buy or sell for its or their own accounts or for any other Clients C3CM or its affiliates manage. However, the Company has implemented policies and procedures relating to personal securities transactions and insider trading, as described above, that are designed to identify potential conflicts of interest, to prevent or mitigate actual conflicts of interest and to resolve and/or disclose conflicts appropriately, if they do occur.

#### Principal Transactions

Neither RFM nor any affiliate may purchase a security from or sell a security to (*i.e.*, engage in any principal transaction with) a Client unless it complies with applicable law and relevant policies and procedures. In order to ensure that it obtains requisite consent required by Section 206(3) of the Advisers Act, RFM will not engage in any principal transaction with the Lion Fund without approval of the fund's general partner and disclosure to Investors.

### **ITEM 12: BROKERAGE PRACTICES**

The Lion Fund currently utilizes E-Trade Clearing LLC as its prime broker to hold all of the Funds' investments in marketable securities and to execute trades on behalf of the Fund. Although generally all Fund transactions are executed through the prime broker, the Fund may also execute trades with other broker dealers.

RFM is responsible for the placement of the portfolio transactions of the Lion Fund and has discretion to select brokers to execute such transactions and negotiate commissions or spreads paid on such transactions. Portfolio transactions normally will be effected through brokers on securities exchanges or directly with the

issuer, or through an underwriter, or market maker or other dealer for the investments. Portfolio transactions through brokers involve a commission to the broker. Portfolio transactions with dealers typically are priced to include a spread between the bid and the asked price to compensate the dealer.

In selecting a prime broker or custodian broker and determining which broker-dealer generally provides the best available price and most favorable execution, the Company considers a totality of circumstances, including the broker-dealer's research capabilities and the success of prior research recommendations, ability to efficiently execute difficult trades (such as those in illiquid markets or trades of substantial size), the broker's risk in positioning a block of securities, commitment of capital, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial strength, stability and responsibility, efficiency, reputation, access to markets, confidentiality, commission rate, responsiveness and the value of research and brokerage and research products and services provided by such brokers. RFM may also execute trades with broker dealers with whom C3CM, RFM or the Private Funds that they manage have other business relationships.

#### Soft Dollars

The Company does not currently have any formal soft dollar or commission sharing arrangements pursuant to which it generates soft dollar credits with its prime broker or executing brokers. However, the Company has historically had soft dollar arrangements and may establish such arrangements with prime brokers or other brokers going forward. Broker-dealers may provide research services, including written, oral or on-line research produced by the broker-dealer (*i.e.*, proprietary research) or third parties such as attorneys, accountants or consultants. Broker-dealers may also provide research products that include software and related support services for use in research and trading, quotation boards, computer databases and quotation equipment, in each case to access research or which provide research directly. Research services may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, attendance at conferences and meetings, electronic market quotations, performance measurement services, analyses and/or due diligence concerning specific securities, companies or sectors, including due diligence on specific aspects of a company's operations or finances, analyses on issues raised in proxy statements and market, economic and financial studies and forecasts. Brokerage products and services may include certain order management system components and order routing.

In selecting broker-dealers on the basis of the foregoing factors, the Company may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Research received from brokers will be supplemental to the Company's own research efforts and will be utilized for the benefit of all Clients, not solely the Client whose trades are executed with such broker. While the receipt of research will not reduce the Company's normal research activities, its expenses could increase materially if it attempted to generate such additional research or brokerage services through its own staff, and the management fees will not be reduced as a consequence of the receipt of such research or brokerage services or products or other services. As such, the Company's arrangements for the receipt of research and brokerage services from brokers may create a conflict of interest, in that the Company may have an incentive to choose a broker-dealer that provides research and brokerage services, instead of one that does not but charges a lower commission rate. In some instances, the Company may receive products and services that may be used for both research and non-research purposes.

#### Brokerage for Client Referrals

The Company does not currently have any arrangements whereby brokers provide capital introduction or other placement services to the Private Funds or otherwise make client referrals.

### Directed Brokerage

C3CM does not recommend, request or require that a Client direct trades to a specified broker-dealer. In the event a Client does direct trades to a specified broker-dealer, C3CM may be unable to achieve most favorable execution of Client transactions and thus Clients may pay higher commissions or costs than C3CM may have negotiated or achieved.

### Aggregating Orders

C3CM generally does not have multiple Clients transacting in the same securities at the same time. Therefore, C3CM generally does not aggregate the purchase or sale of securities for various clients.

## **ITEM 13: REVIEW OF ACCOUNTS**

### ***Reviews***

The Managing Director continuously reviews general economic and market conditions and developments and regularly reviews and monitors the Lion Fund's portfolio investments. Such review is intended to ensure that the account adheres to the Fund's investment objective, strategy and guidelines and meets performance objectives.

### ***Reports***

Limited partners of the Lion Fund generally receive annual audited financial statements within 120 days after the end of the fiscal year and tax-reporting information regarding the limited partner's capital account (*i.e.*, Form K-1). RFM may provide additional information as requested by Investors, and RFM staff are available for discussions with Investors at other times, as requested.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

RFM does not currently have any arrangements with third-party solicitors or placement agents to identify potential investors or make client referrals. Neither RFM nor any affiliate generally receives any economic benefit from a non-client for providing investment advice or other advisory services to its Clients

## **ITEM 15: CUSTODY**

Neither RFM nor its affiliates have physical custody of any Client assets. However, due to its affiliation with or role as the general partner for the Lion Fund, RFM is generally deemed to have custody of Client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act.

In order to comply with Rule 206(4)-2, RFM utilizes the services of Qualified Custodians (as identified on Section 7.B.(1) of Schedule D of Form ADV Part 1A) to hold Fund assets. RFM also ensures that each Qualified Custodian maintains these assets in an account that contains only Client assets, under the Client's name.

In accordance with Rule 206(4)-2, RFM engages an independent public accounting firm that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board to audit each Private Fund at the end of each fiscal year. Audited financial statements are prepared in accordance with generally accepted accounting principles ("**GAAP**") and are distributed to all Investors within 120 days after the end of the fiscal year.

#### **ITEM 16: INVESTMENT DISCRETION**

RFM provides investment advisory services to the Lion Fund on a discretionary basis. The investment objectives and restrictions of the Lion Fund are set forth in the relevant Governing Documents. Investors in the Fund do not have authority to impose any restrictions upon RFM's discretionary authority. RFM does not provide tax advice and does not provide legal advice or represent clients in legal proceedings such as class actions or bankruptcies involving portfolio holdings.

#### **ITEM 17: VOTING CLIENT SECURITIES**

RFM currently does not vote or review proxies for securities held by the Lion Fund. The Lion Fund receives proxies directly from the custodian or transfer agent for the portfolio investments it holds. However, RFM has elected not to vote such proxies. Investors in the Lion Fund will not receive proxies and will not be able to vote proxies.

#### **ITEM 18: FINANCIAL INFORMATION**

RFM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. RFM is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients.