

Clovis Capital Management, L.P.

Part 2A of Form ADV

Firm Brochure

640 Fifth Avenue, 14th Floor
New York, NY 10019
(212) 332-1900
www.cloviscapital.com

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This brochure provides information about the qualifications and business practices of Clovis Capital Management, L.P. ("Clovis"). If you have any questions about the contents of this brochure, please contact us at 212-332-1900.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Clovis is also available on the SEC's website at: www.adviserinfo.sec.gov.

Being a "registered investment adviser" or describing ourselves as being "registered" does not imply a certain level of skill or training. This brochure is not an offering or solicitation of interests in funds managed by us or our affiliates.

Item 2. Material Changes

Our most recent update to Part 2 of Form ADV was made in November 2015. The following are material changes to Clovis's business activities since the time of our last annual update to Part 2A of Form ADV in March 2015:

Clovis Capital Long Master Fund (Cayman), Ltd. ("CCL Master Fund"), a master fund in a master-feeder structure was launched in November 2015. CCL Master Fund will invest in and hold equity securities (or equity-related derivatives) long and its portfolio generally holds positions in issuers that are also held by the three long/short equity funds also managed by Clovis. CCL Master Fund was seeded by our principals, partners, officers, employees, affiliates or other related parties (each a "Clovis Related Party" and collectively "Clovis Related Parties") and is anticipated to be initially owned solely by Clovis Related Parties, a term which is not inclusive of the Funds.

Regulatory assets under management increased from approximately \$319,946,319 on January 1, 2015 to approximately \$327,916,421 on January 1, 2016.

Other than the aforementioned changes, Clovis's business activities have not changed materially since the time of the last annual update.

Item 3. Table of Contents

Item 2. Material Changes	2
Item 3. Table of Contents	2
Item 4. Advisory Business.....	3
Item 5. Fees and Compensation.....	4
Item 6. Performance Based Compensation and Allocation of Investment Opportunities.....	7
Item 7. Types of Clients	8
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	8
Item 9. Disciplinary Information.....	13
Item 10. Other Financial Industry Activities and Affiliations.....	13
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading....	14
Item 12. Brokerage Practices.....	16
Item 13. Review of Accounts	19
Item 14. Client Referrals and Other Compensation	20
Item 15. Custody	21
Item 16. Investment Discretion	21
Item 17. Voting Client Securities	21
Item 18. Financial Information.....	22
Item 19. Requirements for State-Registered Advisers	22

Item 4. Advisory Business

Clovis Capital Management, L.P. ("Clovis" or "We") is a Delaware limited partnership formed in 2002. We are an investment management firm established to invest and trade principally in publicly traded equity securities. Michael A. Prober and William R. Cline are the owners of the firm. Mr. Prober is the Portfolio Manager and Mr. Cline is the Chief Executive Officer.

We are the investment adviser/manager for three long/short equity funds ("Clovis Long/Short Equity Funds"): (i) Clovis Capital Partners, L.P., (ii) Clovis Capital Partners Institutional, L.P., both of which are domestic limited partnerships (each individually referred to as a "Domestic Partnership" or collectively as the "Domestic Partnerships"), and (iii) Clovis Capital Partners (Cayman), Ltd., an offshore fund organized as a Cayman Islands Exempted Company (the "Offshore Fund"). We are also investment adviser/manager to Clovis Capital Long Master Fund (Cayman), Ltd., a Cayman Islands exempted company and Clovis Capital Long, L.P. ("CCL Domestic Feeder"), a Delaware limited partnership, which invests all or substantially all of its assets in CCL Master Fund through a "master-feeder" structure. The five entities are collectively referred to in this document as the "Funds."

Our primary responsibility to the Funds is to direct and manage the investment and reinvestment of the Funds' assets. We also provide certain administrative and management services to the Funds, such as sending out reports to investors. Investment advice is provided directly to the Funds according to the Funds' particular investment objectives and not individually to the Funds' investors.

The investment objective of the Funds is to provide attractive risk adjusted returns over a multi-year cycle. The Funds seek to achieve their objective primarily through trading, investing in (and, with regard to the Clovis Long/Short Equity Funds, selling short) publicly traded equity securities. The focus is on small to mid-cap U.S. companies, broadly defined as companies between \$1 billion to \$20 billion in market capitalization. There can be no assurance that the Funds will achieve their objective.

With respect to investments, the Funds may invest, on margin or otherwise, in securities and other financial instruments of United States issuers and foreign issuers, including, but not limited to: (i) restricted stock (including PIPEs); (ii) debt instruments, such as bonds or credit default swaps ("CDS"); (iii) options; (iv) equity swaps, including contract for differences ("CFDs"); (iv) foreign currency and/or forward currency contracts; (v) exchange traded funds ("ETFs"); and (vi) structured basket swaps and index options. While the above summarizes the financial instruments that the Funds may use or intend to use, it is not meant to preclude the Funds from using other financial instruments not described above.

As of January 1, 2016, Clovis had approximately \$327,916,421 in regulatory assets under management (as defined by the SEC) all of which is managed on a discretionary basis on behalf of the Funds.

For a further discussion of these related items, See **Item 7** (Types of Clients), **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 10** (Other Financial Industry Activities and Affiliations).

Item 5. Fees and Compensation

Compensation received by us includes management fees, which are based on a percentage of assets under management, and performance-based compensation. The management fees are paid to us in advance at the beginning of each quarter (or up to three months in advance). The performance based compensation is paid to us in the form of fees or allocated in the form of a performance allocation to one of our affiliates, Clovis Capital Group, LLC or Clovis Capital Long, LLC (the "General Partners"), as applicable. All such fees or allocations are deducted directly from the accounts of investors in the respective Funds. Although all management fees and performance-based compensation are waived for Clovis Related Party investors, they do pay their *pro rata* share of the applicable Fund's expenses as disclosed in each Fund's respective governing documents.

In addition, as described below, any fees that are paid as a penalty for an early redemption are deducted from any redemption proceeds at the time of the redemption. The fees and expenses applicable to each Fund are set forth in detail in each of the Fund's governing documents. A brief summary of fees and expenses is provided below. Clovis Related Parties do not pay redemption fees.

Management Fees (Based on Assets)

We receive from the Funds a quarterly management fee equal to $\frac{1}{4}$ of 0.75%, $\frac{1}{4}$ of 1.25%, or $\frac{1}{4}$ of 1.5% of the value of each investor's investment. The management fee is paid in advance, as of the first day of each calendar quarter. Management fees with respect to contributions made on a day other than the first day of a calendar quarter are pro-rated. Management fees with respect to redemptions made on a day other than the last day of a calendar quarter are generally not pro-rated. We (in consultation with the General Partners), in our discretion (subject to oversight by a board of directors for offshore funds (the "Offshore Directors")), may waive all or a portion of such fees.

Performance Fees/Allocations (Performance Based)

Long/Short Domestic Partnerships

The General Partner is allocated, at the fiscal year-end and/or upon redemption, a profit allocation between 15% and 20% on any appreciation of an investor's investment during such fiscal year. If interests incur a loss in any fiscal year, or any prior fiscal year, there will be no allocation owed on such interests until such loss has been recouped. Subject to the approval of the General Partner, investors committing to a three year lock-up in a Domestic Partnership allocate a reduced profit allocation of 17.5% (as opposed to 20%) of the committed amount. The General Partner may, in its sole discretion, waive all or a portion of the profit allocation.

Offshore Fund

We receive an incentive fee between 15% and 20% of any appreciation on an investor's investment from the Offshore Fund, payable at the end of its fiscal year and/or upon redemption, on any increases in an investor's investment during such fiscal year. If a share series incurs a loss in any fiscal year, or any prior fiscal year, there will be no incentive fee owed on such shares until such loss has been recouped. Subject to the approval of the Offshore Directors, investors committing to a three year lock-up in the Offshore Fund pay a reduced incentive fee of 17.5% (as opposed to 20%) of the committed amount. Subject to the supervision of the Board of Directors, we may waive all or a portion of such fees.

CCL Master Fund and CCL Domestic Feeder

The General Partner is allocated, at the fiscal year-end and/or upon redemption, a performance allocation by some limited partners equal to 20% of any outperformance in excess of a hurdle rate, subject to an underperformance carryforward amount (each, as defined and further described in the governing documents). The General Partner may, in its sole discretion, waive all or a portion of the performance allocation.

Plan Asset Investors

A Fund may be a plan asset fund as a result of holding in excess of 25% plan assets within any one class of equity interests. Should this be the case, those investments by a plan asset investor subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), will defer the incentive fee or the performance allocation until such time that such investor has been invested for a 12 month period; except, if such investor were to withdraw from the Offshore Fund or a Domestic Partnership prior to its 12 month anniversary, the incentive fee would be due or performance allocation allocable upon redemption. While the Offshore Fund and Clovis Capital Partners Institutional, L.P. were each at one time plan asset funds, no Funds are currently a plan asset fund and the current intention is for none of the Funds to be a plan asset fund in the future.

Redemption Fees

The Funds generally allow for quarterly redemptions. For standard reporting investors, such redemptions must be requested in writing with no less than 30 days' notice. Subject to the paragraphs below, redemptions in the first year of an investor's initial purchase of shares or interests are subject to a 2%, 3%, or 5% redemption fee payable to the applicable Fund and no redemption fees are charged thereafter.

As described above, subject to the approval of the Board of Directors of the Offshore Fund and the General Partner of the Domestic Partnerships, as applicable, investors may elect to make a three-year commitment in a Fund. Such investments are subject to a one year lock-up. In addition, a 3% redemption fee is paid to us if the investor redeems all or a portion of its committed interest in the second year, and a 2% redemption fee is payable to us if the investor redeems all or a portion of its committed interest in the third year. In the event of such early redemption, the incentive fee/allocation is increased to 20% (from 17.5%).

We and/or the respective partnership's General Partner (with supervision of the Offshore Directors with respect to the offshore funds) may amend the liquidity rights or notice periods, or waive all or a portion of the redemption fees at our discretion.

Expenses

In addition to our fees, investors bear indirectly the expenses charged to the Funds. Those expenses vary, but typically include, but are not limited to: (i) brokerage commissions, interest expense, exchange, clearing, transaction based custodial and other related transaction fees and charges ("Transaction Costs"); (ii) legal/compliance fees and expenses of the Funds and such expenses incurred by us in connection with our management of the Funds (including regulatory filings, e.g., Schedule 13F, Schedule 13D, Schedule 13G, Form PF, etc.); (iii) accounting expenses (including accounting systems and software); (iv) audit and tax preparation expenses; (v) administrative expenses, including printing and postage; (vi) non-transaction based custodial fees and/or prime broker fees (vii) director's fees and expenses; (viii) insurance premiums and expenses (including, but not limited to, comprehensive professional Error and Omissions ("E&O") and Directors and Officer ("D&O") liability insurance); (ix) portfolio management expenses (including expenses related to researching investments, trading, risk management and related systems and software); (x) costs and expenses associated with the ongoing offering of the shares and interests; (xi) administration fees, including fees to the administrator and proxy voting fees; (xii) similar expenses incidental to the Funds' operations; and (xiii) extraordinary costs, if any. The Funds are also responsible for the taxes, if any, imposed on them (as opposed to those imposed on an investor with respect to their investment in a fund). If a Fund's assets are invested in other investment companies (e.g., ETFs), such assets will also be subject to any fees and expenses which are charged by such investment companies.

We have the option to have the Funds pay directly for expenses related to researching investments as described above or to pay for such expenses using soft dollars generated by the Funds. In addition a Fund's expenses may be capped from time-to-time if provided and as described in the Fund's respective governing documents.

For the avoidance of doubt, our general overhead expenses are paid by us, including rent, employee salaries and benefits, investment research-related travel and general office expenditures. Our partners, employees, members, directors and officers and we do not accept any compensation for the sale of securities or other investment products, including interests in the Funds.

For a further discussion of these and related items (including the use of soft dollars), please see **Item 12** (Brokerage Practices) below.

The following briefly describes the general procedures for how expenses of the Funds are allocated: expenses are allocated either to the Fund or Funds for which such expenses are related. Expenses which are related to more than one of the Funds are generally allocated among such Funds on a pro-rata basis (may be rounded to the nearest 1%) based on each of the respective Funds' NAVs during the period to which the expenses relate.

In addition and with the exception of legal expenses, (i) effective for new invoices received subsequent to January 1, 2016, (ii) for any other expense which exceeds 1 basis point in

any one Fund as of the beginning of the period for which such expense relates (the “Threshold”) and (iii) which covers a period in excess of one quarter, the following: such expense will generally be applied to the multiple quarters for which such expense relates and allocated pro-rata among the Funds based on the respective Funds’ NAVs at the time of payment.

Expenses which relate to more than one quarter but are less than the Threshold will generally be treated as if such expenses related to a single quarter.

Legal expenses are allocated either to the Fund or Funds for which such expenses are related. Such expenses which are related to more than one of the Funds are generally allocated among such Funds on a pro-rata basis (may be rounded to the nearest 1%) based on each of the respective Funds’ NAVs during the period to which the legal expenses relate regardless of whether the period exceeds one quarter.

All expense allocations are done so on a best efforts basis. There may be instances where the allocation of expenses may be more appropriately made on a non-*pro rata* basis. In such instances, the subjective judgment of Clovis in its sole discretion will be applied in determining whether and to what extent certain expenses may or may not benefit the Funds. All expense allocations are done in the sole discretion of the General Partners or Clovis.

With regard to E&O and D&O insurance, we have made a good faith determination that 75% of the premiums associated with such insurance coverage is charged to the Funds, while the remaining 25% is charged to us. This allocation is subject to annual review and modification. With respect to the portion of the premiums absorbed by the Funds, such expense is allocated among the Funds in the manner described above.

Item 6. Performance Based Compensation and Allocation of Investment Opportunities

Currently we manage the Funds which, as described in **Item 5** (Fees and Compensation), in some instances charge performance-based compensation (i.e., compensation based on the appreciation of the client’s assets, or compensation based on the return of a Fund in excess of a specific hurdle rate). This performance based compensation may take the form of either a fee paid to Clovis or an allocation allocated to a General Partner. The fact that we are compensated based on investing and trading performance may create an incentive for us to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Some investors in the Funds may not pay a performance fee or may not have allocated a performance allocation which creates an incentive for Clovis to favor performance compensation paying/allocating Funds when allocating investment opportunities. In addition, the performance-based compensation received by us or allocated to a General Partner is based primarily on realized and unrealized gains and losses. As a result, the performance based compensation earned/allocated could be based on unrealized gains that clients and investors may never realize. Similarly, if different Funds have investors with different high water marks or underperformance carryforward amounts (both as defined in specific Fund’s governing

documents) for purposes of calculating performance fees or allocations, we could have an interest in favoring the fund with investors that are most likely to pay/allocate performance-based compensation.

We act in a manner that we consider fair, reasonable and equitable in allocating investment opportunities to the Funds, but we are not subject to any specific obligations or requirements concerning the allocation of time, effort or investment opportunities, or any restrictions on the nature or timing of investments for the Funds.

Item 7. Types of Clients

We provide investment supervisory services to the Funds. Investment advice is provided directly to the Funds, subject to our direction and control, and not individually to the investors. We may in the future provide investment advisory services to additional clients including, but not limited to, other pooled investment vehicles.

The investor base of the Funds is currently comprised of institutions, high net worth individuals/family offices and "fund-of-funds."

While the Funds' respective governing documents limit initial investments to at least \$1,000,000, we may waive this requirement, subject to the oversight of the Offshore Directors. However, such a waiver with regard to the offshore funds is limited by Cayman Law to \$50,000.

For a further discussion of these and related items, see **Item 4** (Advisory Business) and **Item 10** (Other Financial Industry Activities and Affiliations).

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

Investment Objective and Philosophy

The investment objective of the Funds is to provide attractive risk adjusted returns over a multi-year cycle. The Funds seek to achieve their objective primarily through trading, investing in (and, with regard to the Clovis Long/Short Equity Funds, selling short) publicly traded equity securities. The focus is on small to mid-cap U.S. companies, broadly defined as companies between \$1 billion to \$20 billion in market capitalization.

Our investment philosophy is straightforward. We believe that the less efficient parts of the market provide the best opportunity to find alpha and that the best way to capture that alpha is to do intense original research and think away from the consensus. We also believe that the best way to sustain the capture of alpha is to consistently execute a repeatable process. Among other criteria, we seek to identify companies where: (i) there exists neglect or negative sentiment; (ii) there is a catalyst or significant event surrounding the company or its industry; and/or (iii) the valuation suggests a discount to what we believe to be the company's intrinsic value.

All investments involve risk of loss including loss of principal. There can be no assurance that our investment objective will be achieved, and investment results may vary substantially.

Investment Methodology

Our investment process is bottom-up on both the long and short sides. The focus is on small to mid-cap companies, broadly defined as companies between \$1 billion and \$20 billion in market capitalization. Where compelling investment ideas exist below \$1 billion or above \$20 billion in market capitalization, we will be opportunistic and consider them for the Funds' portfolios.

On both sides of the Funds' portfolio (if applicable) there is a consistent way in which we identify and process opportunities, perform due diligence and make investment decisions. Alpha generation is sought from both the long and short sides of the portfolio. Short positions (if applicable) may be implemented both as independent profit opportunities and as hedges against existing long positions or the broader portfolio. Types of short positions (if applicable) that we find attractive include companies in a secular decline, with a funding gap, with stock overhang, and/or with balance sheet deterioration.

We seek to take a systematic approach with our research to determine the "spread" between company fundamentals and the stock price. We develop a target price, as well as a price range for each security we invest in. This range assists us in determining the potential risk and reward for a particular investment. Our bottom-up process generally starts by reviewing a wide range of publicly available information, including annual reports, 10-Ks, 10-Qs, proxies and press announcements. In many instances we also speak with management, schedule visits to meet with senior management at their company facilities (when applicable), and speak with competitors, customers and suppliers. During these interviews, we typically build our own financial statements, including a balance sheet, income statement and cash flow statement. As part of the process we use database, research and risk services. We also speak with Wall Street analysts in order to assess the "street" sentiment. Nearly all of our research is internally derived.

While the primary focus is on the research of individual stocks, within that process of stock selection, outside factors such as interest rates, inflation forecasts, legislation, political events, currency fluctuations, commodity prices and other macroeconomic factors which may impact individual stocks or the portfolio as a whole are taken into consideration. General market sentiment and economic forecasts also affect, at the margins, the overall exposure and long/short ratio (if applicable) of the portfolio.

Throughout the process we employ a risk management methodology focusing on both individual positions and a Fund's portfolio as a whole. In measuring the risk associated with individual positions, we look at factors such as our price targets, downside potential, volatility, beta, correlation, liquidity, degree of competitive advantage, level of conviction and industry factors. In addition, we also review sell-side coverage and sentiment, short interest, ownership, buyout risk and historical price ranges.

With respect to the Funds' portfolios as a whole, we look at net exposures long and short (if applicable), correlation, volatility, beta, liquidity, and down-side potential. Daily and monthly risk reports are run and monitored, including exposure on a real-time basis. The entire Funds' portfolios are informally reviewed daily by the investment team (Portfolio Manager and analysts) and CEO.

With respect to investments, the Funds may invest, on margin or otherwise, in securities and other financial instruments of the United States and foreign issuers, including, but not limited to, (i) restricted stock (including PIPEs); (ii) debt instruments, such as bonds or CDS; (iii) options; (iv) equity swaps, including CFDs; (iv) foreign currency and/or forward currency contracts; (v) ETFs; (vi) structured basket swaps and index options. While the above summarizes the financial instruments that the Funds may use or intend to use, it is not meant to preclude the Funds from using other financial instruments not described above.

The Funds may from time to time invest in initial public offerings ("New Issues"). Such New Issues, as with all securities traded by Clovis Long/Short Equity Funds, are typically allocated pro-rata among the three funds based on net assets of these funds. With respect to CCL Master Fund New Issues, as with all securities traded by such Fund, are typically allocated pro-rata among all beneficial owners based on their invested capital. Exceptions or modifications to such allocation methodologies may be made at the discretion of the portfolio manager for reasons, including but not limited to, prohibitions of law. The Funds, in compliance with The Financial Industry Regulatory Authority ("FINRA") regulations, allocate profit and loss from New Issues only to investors that may, by law, participate in such allocation.

Securities traded during any day will be transacted at the same average price for all respective Funds participating in the trading of such securities. In addition, a Fund may rebalance its exposure to a specific security within its portfolio or its portfolio as a whole. On such days in which a rebalance occurs, such Fund may both buy and sell the same security within the same day. Furthermore the rebalance trades (inclusive of the initial purchase of positions for the CCL Master Fund), at Clovis's sole discretion, may not be included within the average price allocation described above, but instead treated independently of regular trading.

Moreover, CCL Master Fund's portfolio generally operates in a delta adjusted exposure band of between 90% and 110% (the "Exposure Band"), however there may be short periods of time (generally no longer than several weeks) that CCL Master Fund's delta adjusted exposure exceeds or falls below the Exposure Band. The Clovis Long/Short Equity Funds are not subject to an Exposure Band.

The investment objectives and methods summarized above represent our current intentions. Depending on conditions and trends in the securities markets and the economy in general, we may pursue any objectives, employ any investment techniques or purchase any type of security or financial instrument that we consider appropriate and in the best interests of the Funds. The description contained herein is a brief overview of the investment strategy and financial instruments that may be used and is not intended to be complete. **All investing involves a risk of loss, including loss of principal. There can be no assurance that our investment objective will be achieved, and investment results may vary substantially.**

General Risks

Performance could be negatively affected by a number of different risks including, but not limited to:

- **Investing and Trading Risks Generally.** The profitability of the Funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that we will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Funds, there is always a significant degree of market risk, including the risk of a complete loss of capital on an investment. The performance of any investment is subject to numerous factors which are not within our control or predictable by us. Such factors include a wide range of economic, political, competitive and other conditions (including acts of terrorism and war) that may affect investments in general or in specific industries or companies. As a result of the nature of the Funds' investing activities, the Funds' performance may fluctuate substantially from period to period.
- **Dependence on the Portfolio Manager.** The Funds are dependent upon the services of the portfolio manager, Mr. Prober, and other key investment professionals to develop and implement the investment strategies described herein. If the services of Mr. Prober were not available the Funds might be adversely affected and could cause the Funds to incur losses or to miss profit opportunities on which they would otherwise have capitalized.
- **Risks of Investing in Equities and Smaller Companies.** Equities purchased for the Funds may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Although we generally focus on equities with a market capitalization in excess of \$1 billion, there are no absolute restrictions in regard to the size or operating experience of the companies in which we may invest. Relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize.
- **Fixed-Income Securities.** The value of the fixed-income securities in which we invest change as the general levels of interest rates fluctuate. When interest rates decline, the value of the Funds' fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of such securities are generally expected to decline.
- **Short Sales.** We enter into transactions known as "short sales," in which we sell a security we do not own in anticipation of a decline in the market value of the security. Losses from short sales are potentially unlimited. In particular, a tender offer or similar transaction with respect to a company whose securities we have sold short could cause the value of such securities to rise dramatically, resulting in substantial losses to the Funds which sell securities short. Brokers may also require that we "cover" a short position at an inopportune time.
- **Securities of Foreign Issuers.** We may invest a portion of the Funds' assets in securities of foreign issuers or securities denominated in foreign currencies. Investing in foreign securities and/or currencies may present a greater degree of risk than investing in domestic securities due to possible exchange rate fluctuations, possible exchange controls, less publicly available information, more volatile markets, less regulation, less favorable tax provisions (including possible withholding taxes), war or expropriation.

- **Illiquidity of Investments.** Securities purchased by the Funds may lack a liquid trading market, which may result in the inability of the Funds to sell any such security or other investment or to close out a transaction involving a foreign currency or to cover the short sale of an option, thereby forcing the Funds to incur potentially unlimited losses. Liquidity is of particular concern with respect to the markets for securities of small-capitalization and growth companies.
- **Use of Leverage.** We utilize leverage by purchasing securities on margin and selling securities short. The more leverage employed, the more likely a substantial change will occur in the value of a Fund's interests. In addition, trading on margin results in interest charges to the Funds.
- **Securities Lending.** As a means of earning additional income for the Funds, we may lend securities from the Funds' portfolio to brokers, dealers and other financial institutions that need to borrow securities to complete certain transactions. The Funds might experience a loss if any institution which has borrowed securities from the Funds breaches its agreement with the Funds. If the borrower becomes insolvent or bankrupt, the Funds could experience delays and costs in recovering loaned securities. To the extent that, in the meantime, the value of the loaned securities declines, the Funds could experience further losses.
- **Use of Derivatives.** We may use derivative instruments, or "derivatives," which include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies, indices, commodities or other assets or liabilities. Derivatives may allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark, currency, index, commodity or other asset or liability at a fraction of the cost of investing in the underlying asset or liability. The value of a derivative depends largely upon price movements in the underlying asset or liability, but the derivative could be also affected by other factors which could diminish the correlation. Therefore, many of the risks applicable to trading the underlying asset or liability are also applicable to derivatives of such asset or liability. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement cannot only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts, and to counterparty risk. The counterparty risk resides with each party with whom the Funds contract for the purpose of making derivative investments. In the event of a counterparty's default, the Funds will typically only be an unsecured creditor. In addition, option trading is speculative and involves a high degree of risk. If we purchase a put or a call option, a Fund may lose the entire premium paid. If we write or sell a put or call option, its loss is potentially unlimited.

- **Counterparty Risk.** Although the Funds intend to enter into transactions only with counterparties that we believe to be creditworthy, there can be no assurance that a counterparty will not default and that the Funds will not sustain a loss or otherwise be harmed as a result. If a counterparty to a financial contract, a prime broker or other service provider to the Funds fails to pay or otherwise defaults, the Funds may incur expenses to protect the Funds' interests, the Funds may not have access to their securities or other assets (if the defaulting party is a custodian) or the Funds may need to retain another counterparty to fulfill the defaulting party's obligations.
- **Exchange Rate Risks; Currency Risk.** It is expected that the Funds' portfolios will be comprised of U.S. Dollar denominated investments and investments denominated in other currencies. However, all funds returned to investors, the valuation of the Funds' securities and other capital and the reported net asset value are denominated in U.S. Dollars. Changes in the value of other currencies against the value of the U.S. Dollar could have an adverse impact on the performance of the Funds. The Funds may enter into currency hedging transactions, but they are not required or expected to do so, and such transactions have an associated cost that could reduce investment returns. Spot and forward currency prices may be highly volatile and price movements for spot and forward currency contracts may be influenced by, among other things, the foregoing risks.

For a further discussion of these and related items, see **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading) and **Item 12** (Brokerage Practices). In addition, please see the governing documents of the pertinent Fund for additional risks related to investing in the Funds.

Item 9. Disciplinary Information

We have not been involved in any legal or disciplinary events since Clovis' inception that would be material to a client's evaluation of the company or its personnel. In addition, our employees have not been involved in any legal or disciplinary events in the past 10 years (and, to the best of our knowledge and belief, in years preceding that 10-year period) that would be material to a client's evaluation of the company or its personnel.

Item 10. Other Financial Industry Activities and Affiliations

Clovis Capital Group, LLC and Clovis Capital Long, LLC are controlled by the same owners as Clovis. Clovis Capital Group, LLC serves as the general partner to the Domestic Partnerships and Clovis Capital Long, LLC serves as the general partner to CCL Domestic Feeder. The Funds may not have independent management, however the Offshore Fund and CCL Master Fund are governed by independent directors. Clovis manages any potential conflicts of interest with respect to governance of the Funds by adhering to the investment strategy and investment allocation policy.

We and our management personnel do not have any relationships or arrangements with other related financial services companies or other related entities that pose a material conflict of interest. No management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. No management personnel are

registered, or have an application to register, as a futures merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Any persons acting on behalf of the General Partners are subject to the supervision and control of Clovis in connection with any investment advisory activities.

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

Code of Ethics and Personal Trading

We have adopted a Code of Ethics (the "Code"), which includes a formal code of ethics and insider trading policies and procedures pursuant to Investment Advisers Act of 1940 (the "Advisers Act") Rule 204A-1. Our Code requires, among other things, full compliance with all applicable federal securities laws and regulations governing the provision of investment management services to our clients. In addition, the code of ethics highlights the fiduciary duty that we owe to our clients, including the affirmative duty to act in the best interests of our clients. Each employee is expected to act with integrity, competence, diligence, respect and in an ethical manner when dealing with the public, the Funds, investors and prospective investors in the Funds and other employees. We also expect employees to adhere to the highest ethical standards with respect to any potential conflict of interest with clients and to mitigate such conflicts to the extent possible.

Clovis and Clovis Related Parties are permitted to invest in their personal trading accounts subject to our Code and certain restrictions and procedures set forth in our personal trading policy. Our personal trading policy is designed, in part, to prevent a client from being disadvantaged by the transactions executed by any Clovis Related Party and to prevent any Clovis Related Party from receiving an improper benefit due to his or her employment at Clovis.

To prevent such conflicts, we require that certain personal securities transactions be approved by our Chief Compliance Officer prior to such investment. This specifically applies to investments in: (i) equity of a single public issuer (i.e., common stock and preferred stock); (ii) debt on a corporate issuer (i.e., corporate bonds); (iii) private placements (i.e., hedge fund and private equity funds; and (iv) derivatives on the foregoing. This pre-approval process of the personal trading activities of Clovis Related Parties includes an assessment of whether such transactions pose any actual or potential conflicts of interest with respect to transactions executed by us for the Funds.

Our code of ethics also requires Clovis personnel to provide us with certain securities holdings and periodic transaction reports, as required by Advisers Act Rule 204A-1 and providing us with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) in which the Clovis Related Party has a direct or indirect beneficial interest.

Our code of ethics has specific provisions relating to identifying potential conflicts of interest. The provisions prohibit a supervised person from inappropriately taking advantage of

their position for their personal benefit. We have also adopted provisions relating to accepting offers of business gifts or business entertainment from third parties.

Clients or prospective Clients may obtain a full copy of our Code of Ethics by contacting us at the following address:

Clovis Capital Management, L.P.
640 Fifth Avenue, 14th Floor
New York, New York 10019
Attention: Chief Compliance Officer
Telephone: 212-332-1900
Facsimile: 212-332-1901

Potential Conflicts of Interest

We, as manager to the Funds, are subject to significant potential and actual conflicts of interest. While these conflicts are typical of many investment funds, we would like to call particular attention to the potential conflicts stated below.

We and our affiliates are not obligated to devote any specific amount of time to the affairs of the Funds. We may organize or become involved in other business ventures in the future and may have incentives to favor certain of these accounts over the Funds.

Clovis Related Parties currently own a beneficial interest in excess of 25% of Clovis Capital Partners Institutional, L.P. ("CCPI") and CCL Master Fund. As a result, Clovis has the incentive to favor CCPI and/or CCL Master Fund over the other Funds. However, this potential conflict is mitigated by procedures and related internal controls which serve to prevent favorable treatment of CCPI or CCL Master Fund over the other Funds.

Clovis Related Parties, as disclosed in the Funds' governing documents, generally are not subject to withdrawal notice periods, hold back provisions and other redemption terms.

We and Clovis Related Parties generally do not engage in principal trading. In the event that a principal transaction is proposed, each Fund has the ability to appoint either a Limited Partners' or Shareholders' Representative that provides for the ability to receive disclosure and provide timely consent on behalf of the respective Fund for, among other things, executing principal cross trades or to make an in-kind distribution to us or our principals. Accordingly, prior to the trading of any principal transaction whereby a Fund(s) is a counterparty, we would obtain written consent from the Limited Partners' or Shareholders' Representative of such applicable Fund(s) for such transaction.

For a further discussion of these and related items, see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss) and **Item 12** (Brokerage Practices).

Item 12. Brokerage Practices

General

We execute securities transactions with multiple executing brokers and currently utilize a single prime broker, Goldman Sachs & Co. ("GSCO") for the Funds, through which all trades clear, and with which all cash and securities are held in custody. Many of these brokers provide us with access to proprietary research reports (such as investment research) which are used for all of the Funds.

When selecting brokers and negotiating commission rates, we are guided by the principal objective of seeking to obtain "best execution" for the Funds. Accordingly, brokers are selected on the basis of our evaluation of the overall value and quality of the services provided by the broker, including the financial stability and reputation of the broker, the quality of investment research, investment strategies and special execution capabilities. No one factor controls the analysis. Our application and the importance of these criteria will vary depending upon the nature of the transaction, the asset class, the market in which it is effected, and the extent to which it is possible to select from among multiple brokers or dealers capable of effecting the transaction. Accordingly, if we determine in good faith that the commissions charged by a broker or the prices charged by a dealer are reasonable in relation to the value of the brokerage and/or research products and services provided by such broker or dealer, the Funds may pay commissions to such broker or prices to such dealer which are greater than those another might charge.

We have sole discretion in determining the brokers used and commissions paid. It is our intention that the rate of commission paid will not exceed 5 cents per share for U.S. securities and will generally be 15 basis points for most foreign securities. However, commission rates will vary from 1 cent to 5 cents per share for U.S. securities, and for foreign securities there may be occasions in illiquid markets in which commissions paid may be significantly higher.

We monitor our compliance with our internal policies on trading and the use of soft dollars. Such reviews consider, among other things, the reasonableness of brokerage commissions in light of the brokerage and research services received.

Soft Dollar Benefits

The term "soft dollars" refers to a means of paying brokerage firms or other third parties for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory clients.

We are authorized to pay higher commissions to brokers than the minimum rates obtainable in the marketplace, or to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities. The Funds will make these payments to brokerage firms if we determine such commissions or prices are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and

invitations to attend conferences or meetings with management or industry consultants or other information or services. We are not required to weigh these factors equally.

We have the option to use soft dollars generated by the Funds to pay for the research related services described above or to have these paid directly by the Funds. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties. Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act") provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to such managers in the performance of investment decision-making responsibilities. We are authorized to direct brokerage to firms which furnish or pay for research and/or brokerage services within the "safe harbor" provided by Section 28(e) and we do not use soft dollar credits generated by the Funds that do not fall within Section 28(e). Brokerage and research products or services obtained with soft dollars generated by a Fund may be used (if and to the extent consistent with current SEC interpretation and guidance) by us to service other Funds.

This may give us an incentive to select brokers or dealers for transactions of the Funds, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by us rather than giving exclusive consideration to the interests of the Funds. However, we only use soft dollars to pay for expenses that would otherwise be borne by the Funds and all the research and other services benefit all of the Funds.

We have a soft dollar arrangement with GSCO and we use soft dollars at GSCO to pay for research, market data and other services within 28(e).

Any expenses that may be paid using soft dollars may alternatively be paid directly by the Funds in the sole discretion of Clovis. We do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer, and we do not permit clients to direct brokerage.

Cross Trading

As is consistent with our duty to seek to obtain best execution, occasionally we may cross trades between the Funds. A cross trade occurs when we purchase and sell a particular security between two or more of the Funds by instructing a specified broker-dealer to cross the trade. As noted in **Item 11** (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), in the event that a principal transaction is proposed, each Fund has the ability to appoint either a Limited Partners' or Shareholders' Representative that provides for the ability to receive disclosure and provide timely consent on behalf of the respective Fund for, among other things, executing principal cross trades or to make an in-kind distribution to us or our principals. Accordingly, prior to the execution of any principal transaction whereby a Fund(s) is a counterparty, we would obtain written consent from the Limited Partners' or Shareholders' Representative of such applicable Fund(s) for such transaction.

Brokerage for Client or Investor Referrals

We occasionally effect transactions or otherwise utilize broker-dealers that have, or whose affiliates have, referred or recommended investors to us and broker-dealers or registered representatives of broker-dealers that personally or through related persons or family members have investments in the Funds. The existence of these relationships gives rise to a conflict of interest as it creates an incentive for us to direct more business to these broker-dealers in order to generate future referrals or additional affiliated investments rather than selecting broker-dealers based on the Funds' interest in receiving most favorable execution. To address these conflicts of interest we only utilize a broker-dealer if we have determined in advance that the arrangement would be in the Funds' best interest, including considering the criteria set forth above in this **Item 12**.

Trade and Other Clerical Errors

Trade and other clerical errors resulting in gains will be for the benefit of the Funds and will not be retained by us. We are under no obligation, however, to reimburse the Funds for trade and other clerical errors made by us, our agents or affiliates, as such errors are considered by us to be a cost of doing business. While we are under no obligation to reimburse the Funds we may decide to reimburse the Funds in whole or in part.

Notwithstanding the foregoing, we are obligated to reimburse the Funds for any trade or other clerical error resulting from our willful misconduct, gross negligence or material breach under the exculpation of liability and indemnification provisions of the Investment Management Agreements maintained with the Funds. Subject to our fiduciary obligations, we will determine whether or not any trade or other clerical error is required to be reimbursed in accordance with such liability and exculpation provisions. We reserve the right to reimburse the Funds for any trade or other clerical error, in our sole discretion. Our reimbursement of the Funds for any particular error will not constitute a waiver of any policy to cause the Funds to bear the losses from other trade or other clerical errors.

Allocation of Investment Opportunities

We seek to allocate orders and investment opportunities among the Funds in a manner that we believe is equitable and in the best interests of all the Funds. The Clovis Long/Short Equity Funds are invested in accordance with a single strategy and generally invest *pari passu*, or on a pro-rata basis with trades generally being executed on an aggregate basis among these three Funds. Exceptions to this allocation methodology include, but are not limited to, differing legal or tax prohibitions among the Funds, addressing issues which do not equally impact each of the Funds (e.g., tax planning for the Domestic Partnerships), and rebalancing due to disparities in capital activity (redemptions/subscriptions) in one or more of the Funds.

CCL Master Fund strategy differs in that it typically limits its investments to stocks of companies held in the long portfolio of the Clovis Long/Short Equity Funds. With the exception of CCL Master Fund rebalancing its portfolio (usually to maintain its Exposure Band or due to capital activity), the Fund, when trading the same securities as the Clovis Long/Short Equity Funds, will generally have such trades included with the trades of the Clovis Long/Short Equity Funds being executed on an aggregate basis among all the Funds as described above. For further details on investment allocation, see **Item 8** (Methods of Analysis, Investment Strategies and Risk of Loss).

Clovis Long/Short Equity Funds and CCL Master Fund while having many common attributes, are managed independently by Clovis. As a result and for other reasons included but not limited to that which is disclosed in this **Item 12**, the Funds may experience performance dispersion, which may be material. In addition, notwithstanding disclosures in this **Item 12**, there can be no assurance that a particular order or investment opportunity will be allocated in a particular manner.

In order to effectuate the above, we and our affiliates have adopted a rebalancing policy and a trade allocation policy. Generally, orders will be allocated *pro rata* among all participating Funds and/or at the same aggregate average price for all trades of a specific security (portfolio rebalancing transactions excepted as described below).

With respect to the Clovis Long/Short Equity Funds the following: the intention is to arrive at, after the completion of all planned orders, a substantially equivalent position concentration across each of these three Funds based on a fixed allocation percentage. For opening positions, such percentage is based on the *pro rata* share of net assets of such Fund and for closing positions such percentage is based on the *pro rata* portion of the position being closed. In order to achieve such allocation, we may utilize a "Leveling Allocation," which seeks to equalize all participating Funds' exposure to a security as a percentage of each Fund's net assets, and then seeks to allocate remaining shares *pro rata* among all participating Funds so as to result in a substantially equivalent position concentration across each participating Fund as a percentage of each Fund's net assets after completion of all planned orders.

With respect to CCL Master Fund the following: the intention is to buy and sell stocks (and to a much lesser extent equity options) long generally of the same companies invested in the long portfolio of the Clovis Long/Short Equity Funds, but not necessarily with the same concentrations. In addition, the Fund's portfolio generally operates within the Exposure Band, however there may be short periods of time (generally no longer than several weeks) that CCL Master Fund's delta adjusted exposure exceeds or falls below the Exposure Band. Accordingly, the Fund from time-to-time may rebalance its exposure to a specific security within its portfolio or its portfolio as a whole. On such days in which a rebalance occurs, the Fund may both buy and sell the same security within the same day. Furthermore the rebalance trades, at Clovis's sole discretion, may not be included within the average price allocation described above, but instead treated independently of regular trading.

We generally aggregate trades of our Funds in accordance with the allocation policies stated above. If an aggregated order is not completely filled, shares purchased or sold will generally be allocated using the same methodology. For a further discussion of these and related items, see **Item 11** (Code of Ethics, Participation in Client Transactions and Personal Trading).

Item 13. Review of Accounts

The Funds' portfolios are generally reviewed with regard to positions held, risk and exposure on a daily basis by the Portfolio Manager and/or other members of the research team.

International Fund Services ("IFS" or the "Administrator"), a State Street Company, serves as administrator for the Clovis Long/Short Equity Funds (CCL Master Fund upon

accepting investments from third party investors may engage IFS as its Administrator; until such time, Clovis serves as administrator of CCL Master Fund). IFS or Clovis (with respect to CCL Master Fund) sends, via electronic mail, upon request of each investor, weekly and at the end of the month, estimated month-to-date, quarter-to-date, and year-to-date performance for the Fund in which they are invested. The performance percentages are subject to oversight by us. The performance information is reported net of management fees and an accrual for the incentive fee, if any (with respect to the Offshore Fund), and the performance allocation, if any (with respect to the Domestic Partnerships and CCL Master Fund).

The Administrator or Clovis (with respect to CCL Master Fund) also sends via electronic mail, fax or other transmission method a monthly statement of the value of each investor's individual investment account in the entity in which it is invested. The statement of account is subject to our oversight. All monthly statements show the value of the investment at month-end which includes monthly P&L net of expenses, including management fees, an accrual for the incentive fee, if any, (with respect to the Offshore Fund) or the performance allocation, if any (with respect to the Domestic Partnerships or CCL Master Fund), and any contributions or redemptions of capital.

We currently send, via email or fax to each investor within several days after month-end, a monthly "snapshot" of the performance for each of the Clovis Long/Short Equity Funds, and performance, exposure and statistical analysis for those three Funds in aggregate for the prior month. Following the end of each calendar quarter we also send a letter discussing an overview of three Funds' activities for the previous quarter. Furthermore, at the investor's request accompanied by a signed non-disclosure agreement, Clovis provides, on a one month lag, the entire portfolio for the Fund in which such investor is invested.

In addition to the foregoing reports and statements, and upon the request of certain investors or third parties representing investors, we may also provide more frequent disclosure or additional information not contained in the above mentioned reports and statements, either due to legal/regulatory constraints and/or requirements that must be followed by some of the Funds' investors and/or the specific needs of and requests made by certain investors.

Annual financial statements, prepared by us and, with respect to the Clovis Long/Short Equity Funds, audited by KPMG LLP ("KPMG") are usually forwarded to each investor within ninety (90) days of the respective entity's fiscal year-end. CCL Master Fund upon accepting investments from third party investors intends for KPMG to audit its annual financial statements. In addition, unless otherwise notified, Schedule K-1s, prepared by KPMG reviewed by us, are usually forwarded to each investor invested in one of the Domestic Partnerships and CCL Domestic Feeder within ninety (90) days of the calendar year-end.

Item 14. Client Referrals and Other Compensation

Other than the previously described products and services that we receive from broker-dealers, we do not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

We do not directly or indirectly compensate any person for client referrals. For a discussion of these and related items, see **Item 12** (Brokerage Practices).

Item 15. Custody

All of the Funds' assets are held in custody by unaffiliated broker/dealers or banks; however, we may have access to the Funds' accounts. Investors in the Funds do not receive statements from the custodian. Instead, the Funds with third party investors are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with U.S. generally accepted accounting principles by an independent accounting firm subject to regulation and regular inspection by the Public Company Accounting Oversight Board and distributed within 120 days of the respective Fund's fiscal year end.

Item 16. Investment Discretion

There are no restrictions as to the type or amount of securities to be bought or sold on behalf of the clients. We have complete investment discretion over all client accounts. We are responsible for managing the business and investments of the Funds and for certain administrative matters as set forth in the Funds' respective governing documents.

Item 17. Voting Client Securities

Proxy Voting

We vote the Funds' proxies in the interest of maximizing shareholder value. To that end, we vote proxies in a way that we believe, consistent with our fiduciary duty, will cause the Funds' securities to increase the most or decline the least in value. Consideration may be given to both the short and long term implications of the proposal to be voted.

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

In general, we shall support management if management's position appears reasonable and is not detrimental to the long-term equity ownership of the corporation. This procedure should not be interpreted as a pre-determined policy to vote in favor of the management of companies held in the Funds' portfolios.

In voting client proxies, we seek to avoid any material conflicts of interest. Should a material conflict not be able to be adequately mitigated internally, we would engage ISS, an independent proxy voting advisory and research firm, and vote the client(s) proxy in accordance with the published recommendation of ISS.

We maintain a record of all of the proxy votes cast on behalf of the Funds. Clients may obtain a full copy of our proxy voting policies and procedures and/or a record of proxy votes by contacting us at the following address:

Clovis Capital Management, L.P.
640 Fifth Avenue, 14th Floor
New York, New York 10019
Attention: Chief Compliance Officer
Telephone: 212-332-1900
Facsimile: 212-332-1901

Securities Class Actions

We have retained Liquid Claims, LLC to monitor and file class action settlements on behalf of the Funds (with our oversight). Any compensation received as the result of participation in a class action settlement is paid to the Funds pro-rata based on the percentage of the relevant holding in each portfolio and is recorded at the time of receipt.

Withholding Tax Reclaims

We have retained Globe Tax Services, Inc. to review dividend withholdings and file tax reclamations on behalf of the Funds (with our oversight). Any resulting reclaims received are paid to the respective Fund(s) for which withholding tax was successfully reclaimed and is recorded at the time of receipt.

Item 18. Financial Information

We have never filed for bankruptcy and are not aware of any financial condition that is expected to affect our ability to manage client accounts.

Item 19. Requirements for State-Registered Advisers

We are not registered as an investment adviser with any State.