

ITEM 1: COVER PAGE

FIRM BROCHURE
(Part 2A of Form ADV)



SEPTEMBER 7, 2018

Thornapple River Capital LLC
CRD# 290340

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Middleville, MI 49333

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Thornapple River Capital LLC (“Thornapple”). If you have any questions about the contents of this Brochure, please contact us at (616) 308-1865. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Thornapple is an investment adviser registered with the State of Michigan under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, such registration does not imply a certain level of skill or training.

Additional information regarding Thornapple is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

Thornapple River Capital LLC (“Thornapple” or “TRC” or the “Firm”) was a newly registered investment adviser with the Securities and Exchange Commission (April 2018). TRC is now switching to be a State Registered Investment Adviser with the State of Michigan.

Our prospective clients are strongly encouraged to read this Brochure in its entirety prior to engaging Thornapple for any advisory services. Pursuant to federal regulations, TRC will ensure that Clients receive a summary of any material changes to this Brochure and an offer to provide the complete document within 120 days of the close of TRC’s fiscal year-end. Additionally, as the Firm experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover, along with an offer to provide the complete document. For more information about the firm, please contact us at (616) 308-1865.

Additional information about TRC and its investment adviser representatives is also available on the SEC’s website at www.adviserinfo.sec.gov.

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ITEM 4 - ADVISORY BUSINESS

A. Description of Firm

Thornapple River Capital LLC (“Thornapple” or “TRC” or the “Firm”) is a limited liability company and an SEC registered investment adviser providing investment advisory services to affiliated private investment funds and family offices. The firm was founded in 2015 and its principal place of business is in the State of Michigan.

B. Principal Owners

Brandon Kanitz, Genesis Guanga, and the Edgar D. Jannotta, Jr. Revocable Trust are the owners of TRC. Mr. Kanitz and Mr. Guanga serve as the Managers of TRC. The Edgar D. Jannotta, Jr. Revocable Trust is not a manager of the Firm and is not involved in the day-to-day operations of TRC.

C. Types of Advisory Services Offered

1. Investment Management Services To Affiliated Private Funds

TRC serves as the Fund Manager for each of the below listed limited liability companies, which are structured as private investment funds (each referred to separately as a “TRC Private Fund” and together as the “TRC Private Funds”):

- Highland Partners NV LLC
- MI-CW Holdings LLC
- MI-CW Holdings NV Fund 2 LLC
- Thornapple River Capital - Financial Services Industry Fund LLC
- Thornapple River Capital - Venture Fund LLC
- TRC Financials Fund LLC
- TRC Income Fund I LLC
- TRC Income Fund II

TRC’s investment management services provided to the TRC Private Funds are detailed in the offering documents for each Fund, which include as applicable, Operating Agreements, private placement memorandum and/or term sheets, subscription agreements, separate disclosure documents, and all amendments thereto (“Offering Documents”).

TRC manages each the TRC Private Funds’ assets based on the investment objectives and restrictions specific to each TRC Private Fund, which are outlined in each Fund’s Offering Documents and summarized in Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss” below. The TRC Private Funds are pooled investment vehicles, so TRC does not manage the TRC Private Funds’ assets based on the individual needs and objectives of the investors in the TRC Private Funds.

There is no assurance that the investment objectives of the TRC Private Funds will be achieved or that any investor in a TRC Private Fund will receive a return on their investment. Due to the potential for volatility, along with the risks involved with each TRC Private Fund's underlying investments, the actual return and value of an investor's contribution can fluctuate and at any point in time be worth more or less than the amount originally invested. Prospective investors are provided with the Offering Documents and other documentation that detail the investment objectives, risks, conflicts, fees, and other important information about the selected TRC Private Fund. It is important that each potential qualified investor fully read the offering materials prior to investing.

In addition, as outlined in the TRC Private Funds' respective Offering Documents, the Fund Manager is permitted to and has entered into side letters or other similar agreements with certain investors in the TRC Private Funds. Side letters have the effect of establishing rights under, or altering or supplementing the terms of, a TRC Private Fund's operating agreement and any subscription agreement as applied to the investor, regardless of whether any such side letter is entered into prior to, concurrently with, or after the effective date of the operating agreement. Certain types of side letters create conflicts of interest among the Fund Manager and investors, and/or between investors. Currently, the only side letters in place in the TRC Private Funds are for lower or waived fee arrangements.

All TRC Private Funds are closed to new investors, with the exception of the Thornapple River Capital Financials Fund LLC.

2. Family Office Services

TRC offers certain services to family offices, which include the following:

- **Tracking & Reporting** – we will monitor and report on a family office client's private investments. We monitor the investments through receipt of information directly from the companies/issuers and report any material updates (*e.g.*, announced acquisitions, upcoming financings etc.) to the family office.
- **Due Diligence** – we review new investment opportunities that have been brought to the attention of the family office. This includes, but is not limited to, finding appropriate qualified individuals to opine on the potential investment and confirming the data on the investment that was provided to the family. After completion of our due diligence, TRC often provides an opinion to the family office on whether or not we believe the opportunity is appropriate for investment.

In addition to these services and depending on overall investment objectives and suitability, there are times where we will recommend an investment in a TRC Private Fund to a family office client. This creates a conflict of interest due to the fact that TRC and its Managers derive a benefit when a family office client makes such investment. To address the conflict, TRC provides potential qualified investors with detailed written disclosures (mainly through the delivery of the Offering Documents) that outline, among other things, the fees and compensation received by TRC. In addition, as a fiduciary, TRC will only recommend such an investment to a family office client when we believe that it could be beneficial to the client.

D. Advisory Agreements

The investment advice provided by TRC is governed by written agreements between TRC and our clients, which set forth the terms and conditions under which the Firm shall render our services (the “Agreement”). Each Agreement will continue in effect until terminated pursuant to the terms of the Agreement. Neither party may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of TRC shall not be considered an assignment.

E. Assets Under Management

As of the time of this filing, TRC managed approximately \$ 39,492,144 in Private Fund assets on a discretionary basis.

ITEM 5 - FEES AND COMPENSATION

A. Fees Paid By TRC Private Funds

1. Management and Performance/Incentive Fees

Each TRC Private Fund pays TRC fees for its services as Fund Manager. These fees include (depending on the TRC Private Fund) a percentage of aggregate capital contributions, a percentage of the net book value of a TRC Private Fund’s assets, a fixed fee, and/or a performance/incentive fee. The fees charged vary by TRC Private Fund and are borne by investors in each TRC Private Fund. A complete description of the fees charged by TRC is contained in the TRC Private Funds’ respective Offering Documents, which should be read fully by potential investors before investing in a TRC Private Fund. The management fee portion is usually billed quarterly in advance.

Performance/incentive fee arrangements create a conflict of interest since there is an inducement for TRC to take more risk than it would absent such arrangements in order to seek higher returns. However, as outlined in the TRC Private Funds’ respective Offering Documents, there are certain hurdles that must be achieved in order for TRC to receive any such fee, which mitigates the conflicts of interest. In addition, TRC is a fiduciary to the TRC Private Funds and must always act in the best interest of the Funds. Please refer to Item 6 “Performance Based Fees and Side-by-Side Management” for further important disclosures regarding performance/incentive fees. It is anticipated that any future TRC Private Funds will have a similar fee structure.

TRC has the discretion to lower or waive all or a portion of management and/or performance/incentive fees for certain investors, including investors that are owners, employees and/or affiliates of TRC. As mentioned in Item 4 above, TRC has entered into side letters with certain investors for lower or waived management and/or performance fees.

2. Operating Expenses

Each TRC Private Fund is responsible for paying its own expenses, which include but are not limited to legal, accounting, regulatory, and other expenses relating to the formation and/or organization of the Fund. These expenses are borne by investors. Each investor is responsible for their own expenses and out-of-pocket costs incurred in connection with the organization of, their admission to, and the maintenance of their interest in a TRC Private Fund.

B. Family Office Services Fees

Each of our family office clients enters into a written agreement with TRC that outlines the terms and conditions of the services and includes the fees to be paid to TRC. Our fees for family office services usually range from \$10,000 to \$50,000 annually and are based on certain factors, including but not limited to the size of the family office assets and the extent of the services provided. These fees are subject to negotiation under certain circumstances and at the sole discretion of TRC, and we have discretion to lower or waive all or a portion of the fees charged to family office clients.

Family office services fees are billed quarterly in advance. At the beginning of each calendar quarter, TRC sends an invoice to the client for payment.

C. Other Information

The TRC Private Funds invest on a long-term basis. Accordingly, management, performance/incentive, and other fees are expected to be paid over the term of a TRC Private Fund and, with limited exceptions, investors generally are not permitted to withdraw or redeem their interests during the life of the applicable TRC Private Fund.

Certain owners of TRC and investors in one or more of the TRC Private Funds may serve as members on the board of directors of some of the underlying private companies in which one or more of the TRC Private Funds have an investment. The purpose for the board service is to help protect the applicable TRC Private Fund's investment in the company, and the individual generally does not receive any compensation for his or her service as a board member.

For more detailed information on the fees and compensation received by TRC and its affiliates from the TRC Private Funds and the underlying portfolio companies, please refer to the TRC Private Funds' respective Offering Documents.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

TRC does not charge performance or other incentive based fees to family office clients. TRC does charge a performance/incentive fee to the TRC Private Funds. The amount of the performance/incentive fee and how it is calculated varies by TRC Private Fund and are fully disclosed in the applicable TRC Private Fund's Offering Documents. With limited exceptions for grandfathered investors, only investors that meet the qualification requirements provided in Rule

205-3 under the Investment Advisers Act of 1940¹ are charged this type of fee. In most cases, performance fees are payable only at the time of certain distributions to investors.

Investors should understand that certain conflicts of interest exist due to performance/incentive fee arrangements, which include the fact that a performance/incentive fee arrangement creates an incentive for TRC to make investments that are more risky or more speculative than might otherwise be the case in the absence of such arrangement, and the fees charged by TRC may be higher or lower than fees charged by other advisers for comparable services.

To mitigate the conflicts, the performance/incentive fees are structured so that certain performance hurdles must be met in order to receive the fee. In addition, the TRC Private Fund Offering Documents contain disclosures regarding the amount of fees and how they are calculated. Importantly, as part of our fiduciary duty, TRC must act in the best interest of the TRC Private Funds.

Regarding side-by-side management, as outlined in this Brochure, TRC receives different types of fees, such as asset based and performance based fees. Managing clients that are charged different types of fees creates conflicts of interest between us and our clients, in addition to the ones listed above. For example, charging performance based fees could incentivize us to allocate more favorable investments to those clients charged a performance based fee.

TRC has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple types of clients, including clients with multiple fee arrangements, and the allocation of investment opportunities. Also, certain of the TRC Private Funds have Advisory Boards, whose primary functions include (i) providing feedback and advice to TRC regarding the acquisition, management, and/or disposition of the TRC Private Fund's portfolio investments, (ii) evaluating and approving transactions that may present a potential conflict of interest for TRC or any of its affiliates, and (iii) providing feedback and advice to TRC regarding any proposed side letters to be entered into between the TRC Private Fund and any investor. However, neither the Advisory Board nor any individual member of the Advisory Board will have any authority with respect to decisions to be made by the TRC Private Fund or TRC or any veto power over decisions to be made on behalf of the TRC Private Fund or by TRC.

ITEM 7 - TYPES OF CLIENTS

As outlined in Item 4 above, TRC provides investment advice to the TRC Private Funds and family office clients.

¹ The term *qualified client* means: (i) A natural person who, or a company that, immediately after entering into an advisory contract has at least \$1,000,000 under the management with the investment adviser; or (ii) A natural person who, or a company that, the investment adviser reasonably believes prior to entering into the contract, either has a net worth of more than \$2,100,000, exclusive of primary residence and net of any debt secured by Client's residence taken out in the last 60 days except for purchase of the residence, or is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into; or (iii) A natural person who immediately prior to entering into the contract is either an executive officer, director, trustee, general partner, or person serving in a similar capacity, of the investment adviser or an employee of the investment adviser (other than a clerical worker) who participates in the investment activities of such investment adviser, and has performed investment activities for at least 12 months. Notably, clients who met the definition of "qualified clients" prior to the definitional change are grandfathered from these new requirements which went into effect in May 2012.

The TRC Private Funds are limited liability companies operating as private investment vehicles and claiming registration exemptions under the Securities Act of 1933 and the Investment Company Act of 1940. Generally, the investors in the TRC Private Funds meet the definition of “accredited investor” as defined in the Securities Act of 1933 or “qualified client” as defined in the Investment Advisers Act of 1940 and include individuals, other investment entities, profit-sharing plans, trusts, estates, charitable organizations, other corporations or business entities, or family offices. In addition, owners, principals and other employees of TRC can and have invested in one or more of the TRC Private Funds.

The various requirements for investing in a TRC Private Fund, including the minimum investment size, are set forth in each TRC Private Fund’s Offering Documents. TRC has the ability, in its sole discretion, to permit commitments below the minimum amounts set forth in the Offering Documents of a TRC Private Fund. TRC has in the past permitted, and may in the future, permit investments below the minimum amount set forth in the Offerings Documents.

Pre-qualified investors will receive a copy of the applicable TRC Private Fund’s Offering Documents and all investors are required to execute a Subscription Agreement containing certain representations and warranties and setting forth the terms and conditions of an investment in a TRC Private Fund, including the adoption of the TRC Private Fund’s Operating Agreement.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Family Office Clients

TRC does not independently research securities investments for our family office clients’ investable assets. We perform due diligence on investments brought to the family office client for consideration and provide opinions on whether or not the opportunity would be appropriate for investment.

B. TRC Private Funds

TRC serves as the Fund Manager for each TRC Private Fund. Each TRC Private Fund has specific investment strategies, which are detailed in their respective Offering Documents. Currently, there are seven TRC Private Funds, which are listed below with reference to the main types of investments:

- Highland Partners NV LLC - invests in a parcel of commercial real property
- MI-CW Holdings LLC – invests in a private start-up company
- MI-CW Holdings NV Fund 2 LLC – invests in a private start-up company
- Thornapple River Capital - Financial Services Industry Fund LLC – invests in both public and private banks and financial companies
- Thornapple River Capital - Venture Fund LLC – invests in private start-up and growth companies
- TRC Financials Fund LLC – invests in both public and private banks and financial companies
- TRC Income Fund I LLC – invests in a private start-up company

- TRC Income Fund II LLC - invests in a private start-up company

Our research for potential investments include: (i) reviewing company materials, (ii) performing independent research of company and industry, (iii) consultation, when possible, with subject matter experts on company prospects and technology, (iv) meetings and/or calls with management teams, and (v) onsite visits, when allowed.

Based on research and internal discussions, we determine our comfort level of an investment, including consideration of expected risk. We then determine the amount to be invested and make the investment. We perform ongoing monitoring of the investment, mainly through phone calls with management, reviewing reports from management, or to the extent permissible, onsite visits.

Potential investors should be aware that investing in securities involves a significant degree of risk. The TRC Private Funds are illiquid investments due to their lack of marketability and the fact that investors are not able to withdraw funds or redeem their investment during the life of the Fund, except in very limited circumstances. There can be no assurance that TRC will achieve the investment objectives of the TRC Private Funds and a loss of investment is possible. Potential and existing investors should review the Offering Documents and other documents carefully for details on each TRC Private Fund's investments as well as operational and other actual and potential risks.

C. Risks Pertaining to the TRC Private Funds

Below is a list of certain material risks that are applicable to each TRC Private Fund. Each existing and prospective investor should be aware of certain risk factors, which include, but are not limited to, the below. In addition to the list below, there are risks specific to the investments made by each TRC Private Fund. The risks associated with each TRC Private Fund and its underlying investments are outlined in their respective Offering Documents, which should be read fully in order to understand all applicable risks.

- *No Assurance of Investment Return:* the success of a TRC Private Fund will be affected by economic and other factors beyond the control of the Fund Manager, and there can be no assurance a TRC Private Fund will ever be profitable or, if profitable, that it will achieve a favorable rate of return. An investment in a TRC Private Fund is suitable only for investors able to sustain a complete loss of their investment.
- *Reliance on the Fund Manager and its Principals:* all decisions with respect to the management of a TRC Private Fund will be made exclusively by TRC, as the Fund Manager. Except for certain very limited voting rights, investors will have no right or power to take part in the management of a TRC Private Fund.
- *Very Limited Ability to Remove or Replace the Fund Manager:* investors will have an extremely limited ability to remove or otherwise replace TRC, as the Fund Manager.
- *Blind Pool Portfolio Investments:* investors in the TRC Private Funds will not be informed of a TRC Private Fund's intended investments prior to the investor making the decision to

invest in a TRC Private Fund or prior to any investment actually being made by a TRC Private Fund.

- *No Obligation to Offer Investment Opportunities to a TRC Private Fund:* TRC has no obligation to present any particular investment opportunity to a TRC Private Fund for investment. Moreover, TRC is not restricted from pursuing investment opportunities outside of a TRC Private Fund (*i.e.*, for its own account or the account of another client or affiliate or any of TRC's principals), and investors in the TRC Private Funds will have no right, by virtue of their investment in a TRC Private Fund, to participate or otherwise benefit from any investments made outside of the TRC Private Fund(s) in which the investor is invested.
- *Lack of Diversification:* because the TRC Private Funds' investments will be relatively undiversified, the success of the TRC Private Funds will be more susceptible to risks than a more balanced investment approach.
- *No Minimum Amount of Capital:* there is generally no minimum amount of capital a TRC Private Fund is required to raise in an offering. If a TRC Private Fund is unable to raise a meaningful amount of additional capital, it will adversely affect the TRC Private Fund's ability to make additional portfolio investments and could negatively impact the investor's returns.
- *No Cash Distributions Guaranteed:* an investment in a TRC Private Fund should not be made by persons needing current income from the TRC Private Fund.
- *Inability to Make Investments:* the ability of a TRC Private Fund to invest its available funds on a timely basis may be affected by circumstances beyond the control of TRC. Such circumstances include the availability of suitable investment opportunities on terms considered appropriate, regulatory constraints, and market and economic conditions. The inability of a TRC Private Fund to invest its capital may reduce the overall return to investors in the TRC Private Fund.
- *Immediate Dilution:* the expenses related to a TRC Private Fund offering will be paid by the TRC Private Fund from proceeds of the offering. In addition, proceeds will be used to pay the quarterly management fee due to TRC as the Fund Manager. The payment of such expenses and fees will dilute the initial value of a share in a TRC Private Fund and will reduce the capital available to the TRC Private Fund to make portfolio investments.
- *Illiquidity of Investment:* the transfer of an investment in a TRC Private Fund will be restricted, both by the applicable operating agreement and as a result of the fact that interests in the TRC Private Fund have not been, and are not expected to be, registered under any federal or state securities laws. As a result, an investment in a TRC Private Fund should be viewed as illiquid. The shares will not be freely traded and there is no market for them nor is it anticipated that a market will develop. Investors will not be permitted to withdraw from a TRC Private Fund except under very limited circumstances. In addition, the shares may not be pledged as collateral for loans. In accordance with the

applicable operating agreement, transfers of investments will be permitted only in limited circumstances and may be affected by restrictions on resale imposed by applicable federal and state securities laws.

- *Failure to Contribute Upon a Capital Call:* in its role as Fund Manager, TRC typically requires each investor in a TRC Private Fund to fund 100% of the investor's subscription upon acceptance of the subscription. However, for certain TRC Private Funds, TRC has the right to cause the TRC Private Fund to make capital calls, up to the aggregate amount of an investor's subscription, over a number of years after acceptance of the subscription. Pursuant to the applicable operating agreement, if an investor fails to make any such capital call when due, TRC is entitled to treat such investor as a "Defaulting Member," with the consequences set forth in the operating agreement. The failure of one or more investors to make any or all of the capital calls required by TRC as the Fund Manager will also reduce the amount available to the TRC Private Fund to make portfolio investments.
- *Side Letters:* the applicable operating agreement generally gives TRC, as Fund Manager, the right to enter into one or more "side letters" with particular investors, which side letters could alter the arrangement that an investor would otherwise receive pursuant to the operating agreement.
- *Tax Matters:* it is expected that each TRC Private Fund will be classified as a partnership for federal income tax purposes and, as such, will not be subject to federal income tax themselves, although each TRC Private Fund must file an annual information return. Each investor in a TRC Private Fund will be required to take into account its distributive share of items of income, gain, loss, deduction, and credit of the TRC Private Fund for each taxable year of the TRC Private Fund ending with or within the investor's taxable year.

Please also refer to Item 11 below for information on certain conflicts of interest.

ITEM 9 - DISCIPLINARY INFORMATION

Registered investment advisers such as TRC are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of TRC or the integrity of its management. TRC does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The TRC Private Funds are organized as limited liability companies and the manager is TRC (please refer to Form ADV Part 1, Item 7.B(1) Schedule D for details on each TRC Private Fund). Serving as Fund Manager creates potential and actual conflicts of interest, which TRC has addressed in a number of ways. Please see Items 4, 5, 6, 8, 12 & 14 for further information regarding the conflicts and how we address such conflicts, in addition to the Offering Documents of each TRC Private Fund.

Certain owners of TRC and investors in one or more of the TRC Private Funds serve as members on the board of directors of some of the underlining private companies in which the TRC Private Funds may have an investment. The purpose for the board service is to help protect the TRC Private Fund's investment in the company. The individuals does not receive compensation for his or her service as a board member.

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

A. Description of the Code of Ethics

TRC has adopted a Code of Ethics ("Code") in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code outlines the standards of conduct for TRC's supervised persons and includes fiduciary obligations that such supervised persons must comply with. It also includes specific requirements relating to, among other things, personal trading and other conflict of interest activity, and contains written policies that are reasonably designed to prevent the unlawful use of material non-public information by TRC or any of its supervised persons.

The Code requires certain TRC personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments, including initial public offerings and limited offerings (e.g., private funds). The Code also requires supervised persons to report any violations of the Code promptly to the Firm's Chief Compliance Officer ("CCO").

Each supervised person receives a copy of the Code and any amendments and must acknowledge receipt in writing. Annually, each supervised person must certify that he or she complied with the Code during that year.

TRC will provide a copy of its Code of Ethics to any client or prospective client upon request.

B. Participation or Interest in Client Transactions

TRC's policy is to not enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. A principal transaction also can be deemed to have occurred if a security is crossed between a TRC Private Fund and another client account.

Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

TRC does, under certain circumstances, recommend to family office clients an investment in one or more of the TRC Private Funds. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the family office client. Importantly, as part of TRC's fiduciary duty to clients, TRC and its employees will endeavor at all times to put

the interests of the clients first. In addition, certain TRC supervised persons invest in the TRC Private Funds. Our Code contains requirements as outlined above, which are designed to address the conflicts that arise with regard to personal trading by TRC's supervised persons, including the requirement for employees to obtain written pre-approval prior to making investments in the TRC Private Funds and other limited offerings.

Also, some of the TRC Private Funds have investment objectives that are similar. Due to that, there are times when certain TRC Private Funds invest in underlying investments in which other TRC Private Funds have invested or may in the future invest. This causes a potential conflict of interest. To address this potential conflict, TRC has adopted an investment allocation policy, which is designed to help ensure allocations are fair and equitable to all TRC Private Funds purchasing the same investment.

C. Conflicts of Interest

Each TRC Private Fund has specific conflicts of interest that are outlined in each Fund's Offering Documents. For example, as a result of certain TRC Private Funds' controlling interests in private portfolio companies, TRC may have the right to cause a TRC Private Fund to appoint individuals to the board of a portfolio company, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members may approve compensation and/or other amounts payable to TRC, its related persons, and/or its affiliates.

It is very important that investors read applicable Offering Documents so they are aware of all material conflicts pertaining to TRC Private Funds.

ITEM 12 - BROKERAGE PRACTICES

A. Selection of Brokers

Currently, TRC does not implement any trades for our family office clients.

Only two of the TRC Private Funds invest in publicly traded securities and for those TRC Private Funds, they only invest in thinly traded community bank stocks.

TRC has discretion to select broker-dealers for execution. To that end, TRC will strive to achieve the best possible deal for the TRC Private Fund at the time of the securities transactions ("best execution"). However, this does not require TRC to solicit competitive bids and we are not obligated to seek the lowest available commissions or transaction fees.

When seeking best execution, the main factor is not the lowest cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, whether the broker-dealer specializes in trading in community bank stocks, their execution capability, commission rates, and responsiveness. TRC does not place transactions with any broker-dealer in recognition of client or investor referrals. In addition, we do not aggregate transactions since the two TRC Private Funds do not usually trade in the same securities at the same time.

To ensure that broker-dealers utilized by TRC are conducting overall best qualitative execution, TRC will perform annual evaluations of our trading process and broker-dealer(s) used. The evaluation will consider the full range of brokerage services offered by the broker-dealer, which may include, but is not limited to security price, commission/transaction fees, research provided, ability to execute aggregated trades, financial strength and stability, and reliable and accurate communications and settlement processing.

TRC does not have any soft dollar arrangements and does not receive research from any broker-dealers we work with.

ITEM 13 - REVIEW OF ACCOUNTS

The investments made by the TRC Private Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, TRC closely monitors companies in which the TRC Private Funds invest, and the Chief Compliance Officer periodically checks to confirm that each TRC Private Fund is maintained in accordance with its stated objectives.

Each TRC Private Fund generally provides its investors with: (i) annual audited financial statements, (ii) annual tax information necessary for each investor's tax return, (iii) a quarterly statement of each investor's capital account, and (iv) annual reports providing a narrative summary of the status of each underlining investment.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

TRC does not at this time pay direct or indirect fees to any third party for soliciting potential clients on behalf of the Firm.

However, certain of the TRC Private Funds have entered into written agreements with McDonald Partners, LLC ("McDonald"), an unaffiliated registered broker-dealer, to serve as a placement agent to find and refer qualified potential investors. Under each agreement, the TRC Private Fund generally pays McDonald a one-time fee based on a percentage (range of 2% - 3%) of the amount of the total assets invested in the TRC Private Fund by each referred investor ("Finder's Fee"). In addition, with respect to Thornapple River Capital - Financial Services Industry Fund LLC, we have agreed to pay McDonald 50% of the amount of any performance fee (*i.e.*, carried interest) that is due and payable to TRC as Fund Manager. This amount is in addition to the Finder's Fee received by the McDonald for investors referred to this TRC Private Fund.

Clients and investors should be aware that the receipt of compensation by a third party placement agent can create a conflict of interest, mainly due to the fact that it provides the placement agent with an incentive to recommend a private fund that pays a finder's fee over a private fund that does not pay such fee.

For more detailed information on the fees and compensation paid to TRC and our related persons by the TRC Private Funds, please refer to Items 5 & 6 above and the TRC Private Funds' Offering Documents.

Currently, neither TRC nor any of our employees or affiliates receive any direct or indirect compensation from third parties or the TRC Private Funds for referring potential clients.

ITEM 15 - CUSTODY

Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, TRC is deemed to have custody of the TRC Private Funds' assets since the Firm serves as the Manager to the TRC Private Funds. In accordance with the requirements of 206(4)-2, each of the TRC Private Funds will obtain an annual audit of its financial statements performed by an independent public accountant that is registered with, and subject to examination the Public Company Accounting Oversight Board (PCAOB). Copies of the annual audited financial statements will be distributed to all investors of such TRC Private Fund within 120 days of its fiscal year end. Upon full liquidation, the liquidating fund's financial statements will be audited and distributed to all investors promptly after the completion of such audit.

ITEM 16 - INVESTMENT DISCRETION

TRC generally has the discretionary authority to make all investment decisions on behalf of the TRC Private Funds. Each fund's Offering Documents generally impose some limitations on our investment discretion, which limitations can only be waived by the fund's investors. TRC assumes this discretionary authority pursuant to the terms of the Offering Documents.

ITEM 17 - VOTING CLIENT SECURITIES

As manager of each TRC Private Fund, TRC has the authority to cause the TRC Private Fund to exercise voting rights over securities held by the fund.

With respect to our family office clients, TRC's policy and practice is to not vote proxies on behalf of those clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a family office client's account or portfolio.

TRC is not deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Except for actions we may cause a TRC Private Fund to take in our role as manager of that fund, TRC typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

ITEM 18 - FINANCIAL INFORMATION

TRC does not require prepayment of more than \$1200 in management fees, six months or more in advance, nor do we have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients, and we have not been the subject of a bankruptcy proceeding.