



MiddleGround Capital

MiddleGround Management, LP

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This Brochure provides information about the qualifications and business practices of MiddleGround Management, LP (“MiddleGround” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at [646-573-5883 or sduncan@middlegroundcapital.com]. 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.

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

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

Item 2 – Material Changes

MiddleGround is a newly registered investment advisor, and this is MiddleGround's initial narrative Brochure prepared in accordance with Part 2A of Form ADV. Therefore, there are no material changes to report. In the future, if MiddleGround's Brochure – when amended in conjunction with an annual update – contains material changes from the last annual update, MiddleGround will be required to identify and discuss such changes.

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Item 4 – Advisory Business

MiddleGround was originally organized as a Delaware limited liability company on February 13, 2018 named "MiddleGround Capital Partners, LLC" and was converted into a Delaware limited partnership on May 7, 2018. When converted to a limited partnership, it was re-named "MiddleGround Management, LP." MiddleGround is principally owned by John Stewart and Lauren Mulholland (together with Scot Duncan, the "Management Team"). MiddleGround anticipates providing investment advisory services on a discretionary basis to a not-yet-formed entity expected to be named MiddleGround Partners AC, L.P. (the "MiddleGround Investment Vehicle"), which MiddleGround Investment Vehicle has initially been established for the benefit of a single institutional investor with respect to investments in three specified portfolio companies (provided that MiddleGround and its affiliate will also have a small investment in the MiddleGround Investment Vehicle). MiddleGround also anticipates that during the fourth quarter of 2018 it will commence providing services to a not-yet-formed private investment fund on a discretionary basis (such private investment fund, the "MiddleGround Fund"). MiddleGround may also in the future establish and advise one or more co-investment vehicles as well as other investment accounts (all such co-investment vehicles and investment accounts, collectively with the MiddleGround Investment Vehicle and the MiddleGround Fund, "Clients").

The investment objectives and strategy of each Client will be set forth in the governing agreements and/or offering documents for such Clients (collectively, "Governing Documents"). Any restrictions on investments will be contained in each such Client's Governing Documents.

MiddleGround does not participate in any wrap fee programs.

As of the date of this Brochure, MiddleGround manages \$0 on a discretionary basis.

Item 5 – Fees and Compensation

The specific manner in which MiddleGround anticipates charging fees for a Client is established in the Governing Documents for such Client. MiddleGround and/or its affiliates will generally earn the following compensation from the Clients: (1) a management fee as set forth in the applicable Governing Documents; and (2) performance-based compensation calculated upon a specified percentage of the Client's return on its invested capital.

The commitment-based management fee (the “Management Fee”) will be paid to MiddleGround periodically by the Underlying Investors in accordance with the terms of the Client’s Governing Documents and is generally 2.0% of committed capital during such Client’s investment period and 2.0% of invested capital after the expiration of the applicable Client’s investment period. Management Fee rates typically decrease after each relevant vehicle’s investment period expires. The Management Fee payable for any payment period that is less than a complete calendar quarter or year, as applicable, shall be calculated on a *pro rata* basis to reflect the actual number of days during such payment period to which the Management Fee relates. MiddleGround may decrease, or waive in whole or in part, the Management Fee for any Investor in a Client (“Underlying Investor”).

All fees are subject to negotiation, and future Underlying Investors may have differing fee arrangements. It is critical that potential Underlying Investors refer to the applicable Client’s Governing Documents for a complete understanding of how MiddleGround is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

Organizational Fees and Expenses

As will be more fully detailed in the applicable Governing Documents, each Underlying Investor will be required to pay its *pro rata* share, based on its commitments, of third-party out-of-pocket expenses incurred by the general partner (the “General Partner”) in connection with the organization of a Client. Each Client will, subject to a specified limit, be responsible for the organizational fees and expenses incurred in connection with the creation, and the marketing and offering of interests in such Client, including all legal, accounting and filing expenses, printing costs, travel and accommodation expenses, and other related fees and expenses (the “Organizational Expenses”).

Client Expenses

Except as may otherwise be expressly provided in the applicable Governing Documents, each Client shall pay its Management Fee and shall be responsible for paying or reimbursing MiddleGround and/or the general partner (or other entity serving in a similar managing fiduciary capacity) of each Client (“General Partner”) directly for all out-of-pocket fund expenses (the “Client Expenses”), which the General Partner of the applicable Client may decrease, or waive in whole or in part, for any Underlying Investor.

Each Client will be responsible for paying all of its administrative, operating, offering and organizational costs, including, without limitation, (i) expenses incurred in connection with

the evaluation, acquisition, financing, holding, monitoring, hedging or disposition of Client investments (including Client investments that are not consummated), including private placement fees, sales commissions, appraisal fees, brokerage fees, underwriting commissions and discounts, travel expenses, and legal, accounting, investment banking, consulting, information services, and professional fees; (ii) fees and expenses incurred in connection with the carrying or management of a Client's investments, including administrative, custodial, trustee, recordkeeping, and other similar fees; (iii) expenses incurred in connection with the Client's financial statements, tax returns, Schedules K-1, consents and other communications with Partners; (iv) attorneys' and accountants' fees and disbursements (including third-party additional tax preparation expenses); (v) taxes and other governmental charges levied against a Client; (vi) insurance, regulatory compliance, or litigation expenses and damages, including ongoing compliance, regulatory expenses of the General Partner and the Firm and indemnification expenses; (vii) expenses incurred in connection with the winding-up or liquidation of a Client; (viii) expenses relating to defaults by Partners in the payment of any capital contributions; (ix) expenses incurred in connection with any restructuring or amendments to the constituent documents of a Client and related entities, including the General Partner and the Firm; (x) expenses incurred in connection with the formation of alternative investment vehicles; (xi) "broken-deal" expenses, including legal and other advisory fees (and including, without limitation, broken-deal expenses in respect of co-investors' proportionate share of the applicable unconsummated investment); (xii) expenses incurred in connection with distributions to the Partners and in connection with any meetings of the Underlying Investors called by the General Partner; (xiii) any fees and expenses, including interest expenses, incurred in respect of any financing facility or other indebtedness; (xiv) any costs and expenses required to be paid in connection with any financing facility or other indebtedness to be obtained or assumed in connection with any Client investment, including the legal fees and expenses of lenders' counsel, the fees and expenses of the Client's counsel, broker's fees, lenders' assumption or transfer fees and required reserves; (xv) reimbursement of any reasonable expenses of the LP Advisory Committee; (xvi) the management fee; and (xvii) any other fee, cost, expense or liability mutually determined by the LP Advisory Committee and the General Partner to be related to the affairs of a Client.

Overhead Expenses

In consideration for the Management Fee, except as set forth above in the sub-section titled "Client Expenses" or as otherwise set forth in the Governing Documents of a Client, the Firm or an affiliate thereof will pay, and each will not be obligated to pay, the following expenses related to Client activities: salaries and fringe benefits of professional, administrative,

clerical, bookkeeping, secretarial and other personnel of the Firm, excluding operating professionals and support personnel for the operating team (See Operating Partner Section below); rent; office equipment; newspapers and other mass-market periodicals, computer equipment and services; data processing; fire and theft insurance; heat, light, cleaning, power, water and other utilities of any office space maintained by the Firm on its own behalf or on behalf of each Client; stationery; postage; office supplies for the Firm and each Client; bookkeeping services; secretarial services; travel and entertainment; telephone (local and long distance); and any other overhead-type expenses.

Operating Partners

MiddleGround and/or the applicable General Partner expects to engage a number of individuals to serve as operating partners ("Operating Partners") for each Client. Operating Partners will be knowledgeable and skilled individuals with various levels of business experiences, including, but not limited to, analyzing, managing, and operating companies of the type targeted by a Client. Operating Partners may serve as board members and/or executive officers of portfolio companies or may provide consulting services to such portfolio companies. Operating Partners may be entitled to receive equity interests in the General Partner and/or make investments in the companies acquired by a Client through an appropriate vehicle established by the General Partner. Operating Partners may be on the payroll of the Firm and may participate in any and all benefits plans available to employees of the Firm. Each year the General Partner will engage with an independent third party to provide benchmarks for "tier I" consultant hourly rates ("Third-Party Rates"). The Firm will bill Clients' portfolio companies at a rate, to be determined at the sole discretion of the General Partner, less than or equal to the Third-Party Rates that allows the Firm to recover all employment expenses related to the employment of Operating Partners, including but not limited to, compensation, benefits, supervisory, and overhead expenses, administrative support, normal course office and supply expenses, and other similar expenses. In addition to employment expenses, the Firm may be reimbursed for all travel and entertainment expenses incurred in connection with Operating Partners' work with portfolio companies. Once a year during an LP Advisory Committee meeting, the General Partner will review all expense reimbursements and billings to a Client made in respect of the Operating Partners for the prior year. In addition, at the time that a portfolio company is sold or otherwise disposed of, Operating Partners may receive performance- or incentive-based compensation in the form of stock options in the applicable portfolio company or a sale bonus, which amounts (in each case) together with any compensation or stock awards granted to the management team of the applicable portfolio company in connection with an incentive program, will be netted out of the sale proceeds that are paid to each Client and distributed

in the manner set forth in Item 6 below. Any such fees and compensation received by Operating Partners will not be deemed to be transaction fees, and will not reduce or offset Management Fees.

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

In addition to the compensation discussed in Item 5 – Fees and Compensation, the General Partner for each Client, which will be an affiliate of MiddleGround, will be eligible to receive performance-based compensation (“Carried Interest”) from each Client, which will be paid in accordance with the Governing Documents and consistent with Section 205(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), or Rule 205-3 thereunder. The Carried Interest that the General Partner is entitled to in respect of a Client will generally equal 20% of all invested capital subject to an 8% preferred return.

The Carried Interest payable by a Client to an affiliate of MiddleGround may create an incentive for MiddleGround to make riskier or more speculative investments on behalf of a Client than would be the case in the absence of such performance-based compensation. However, this risk is mitigated to some extent due to the following: (1) the payment of Carried Interest will generally be based on the success of all investments made by the Client and not any single investment, and therefore MiddleGround’s total Carried Interest would be affected by any single unsuccessful investment; (2) the Carried Interest paid to the General Partner will be required to be returned to the applicable Client if such Client has not received its preferred return as of the date of the completion of the liquidation and winding down of the applicable Client; and (3) MiddleGround’s personnel have made personal capital commitments to the Clients, which align its interests with that of its Clients.

Item 7 – Types of Clients

MiddleGround expects to provide discretionary investment management services to its Clients, which are currently expected to include the MiddleGround Investment Vehicle (which will initially be a fund of one) and after formation in the fourth quarter of 2018, the MiddleGround Fund (which will be a pooled investment vehicle). As previously noted in item 1, the Firm may in the future establish and/or advise co-investment vehicles for specific investments and/or other investment accounts. MiddleGround anticipates that Clients will be exempt from registration under the Investment Company Act of 1940, as amended (the “Act”).

The anticipated minimum subscription amount for an Underlying Investor is \$10,000,000. The General Partner, an affiliate of MiddleGround may waive the minimum account or subscription requirements at its sole discretion.

Underlying Investors in Clients are expected to consist of primarily of family offices, high net worth individuals, and institutions. Such Underlying Investors must meet the requirements for an “accredited investor” under the Securities Act of 1933, as amended (the “1933 Act”) and a “qualified client” under the Advisers Act.

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

MiddleGround’s planned investment strategy and criteria for each Client will generally be to acquire controlling equity stakes in lower-middle market companies in North America. MiddleGround expects that Clients will invest in portfolio companies in the industrial/manufacturing, consumer products and distribution sectors. In addition, MiddleGround also generally expects that Clients will acquire one or two portfolio companies each year and for an equity check of up to \$50 million and that such companies generally have between \$100 million to \$300 million of revenue and up to \$200 million of enterprise value. MiddleGround’s expectation is that Clients will invest in businesses that it believes present controllable opportunities for operational improvement that can be identified prior to investing capital in such businesses.

MiddleGround will focus on purchasing what it believes to be fundamentally sound businesses at market multiples, self-selecting for investments that are underperforming benchmarks for middle market businesses that will allow the firm to identify and create value creation plans (“Value Creation Plan” or “VCP”) during diligence that MiddleGround believes it can execute with a high degree of certainty.

While the use of leverage is expected at the portfolio company level in order to complete certain platform transactions, MiddleGround’s strategy is to select businesses where cash available to pay down debt can be managed at > 40% EBITDA. MiddleGround believes this will allow it to quickly de-lever the business, thereby decreasing the risk in its investments.

Risk Factors

- An investment in a Client will entail risks, including, but not limited to, those listed below, and a prospective investor should carefully consider the following summary of certain

risk factors below and, if applicable, the risk factors set forth in the Governing Documents for the applicable Client.

- The interests in the Clients (the "Interests") will be illiquid and should be acquired only by investors able to commit their funds for an indefinite period of time. There is no public market for the Interests and it is highly unlikely that one will develop. The Interests will not be registered under U.S. federal or state securities laws or the securities laws of any other jurisdiction and may not be resold unless they are subsequently registered or enjoy an exemption from such registration. Transfers of Interests are also subject to the approval of the applicable General Partner (which may be given or denied in the sole discretion of such General Partner) and satisfaction of certain other conditions set forth in such Client's Governing Documents.
- Substantially all of a Client's investments will be highly illiquid investments (predominantly in equity securities of private companies). There may be no, or only a limited, market for such securities and such securities may be subject to legal or other restrictions on transfer. The market prices, if any, for such securities may fluctuate due to a variety of factors that are inherently difficult to predict. Accordingly, a Client may not be able to sell its assets when such Client desires to do so or to realize what MiddleGround perceives to be the fair value of such Client's assets in the event of a sale. The sale of illiquid and restricted securities often requires more time and the incurrence of significant selling expense by such Client. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. In addition, in times of extreme market disruption, there may be no market at all for one or more of the assets held by a Client, potentially resulting in the inability of such Client to dispose of its assets for an indefinite period of time.
- An investment by an Underlying Investor in a Client will represent a speculative investment and will involve a high degree of risk that clients should be prepared to bear. The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. No assurance can be given that the applicable General Partner will be successful in obtaining suitable investments for a Client, and substantial expenses of a Client may be incurred whether or not investments are made. An investor could lose all or a substantial portion of its investment. Investors must have the financial ability, sophistication/experience and willingness to bear the risks of an investment in such Client. An investment in a Client should be discretionary capital set aside strictly for speculative purposes. Nothing herein is intended to imply that a Client's investment methodology may be considered "conservative," "safe," "risk free" or "risk averse."
- The Clients may finance their acquisition of portfolio companies by pledging all or a portion of the assets of such companies. The Clients may also guarantee the obligations of portfolio companies. If a portfolio company does not generate sufficient cash flow to

service its debt obligations, or such portfolio company otherwise breaches a financing covenant, the lender may foreclose on assets owned by such portfolio company (thereby potentially causing an economic loss to such Client) or the financing arrangements of such portfolio company would be restructured in a manner adverse to the economic interests of such Client. In addition, in the event that a portfolio company is unable to satisfy an obligation to a lender that has been guaranteed by a Client, such Client may have to satisfy such guarantee, and any payments made by a Client in connection with satisfaction of such guarantee may result in a loss for a Client or otherwise cause a Client's returns to be reduced.

- Clients will likely hold a relatively small number of platform equity investments in portfolio companies, with the result that unfavorable performance by a portfolio company could have a material adverse impact on a Client's performance.
- The Clients' investment programs entail acquiring controlling positions in lower-middle market companies. The lower-middle market segment is a highly competitive investment sector in which the Clients will be competing with other private equity firms. The Clients may have difficulty in identifying investment opportunities, fully deploying their committed capital and/or obtaining suitable investments.
- Additionally, a Client's portfolio companies may face significant competition from other companies operating in the same markets and industries. In addition, there is no guarantee that MiddleGround will be able to execute its business plan and/or value creation plan for each portfolio company that a Client acquires.
- Investments in smaller and middle-market companies of the type the Client expects to target may be riskier in general than investments in larger companies, and any historical outperformance of investments in smaller companies may relate to this increased risk. In general, as compared to larger companies, lower middle market companies of the type in which the Clients will invest may have more limited financial resources and borrowing options, may be more exposed to general economic downturns and changes in markets and technology, and may be more susceptible to acute financial damage resulting from relatively unpredictable one-time events, such as litigation or the death of a company's founder. Further, the marketplace for the sale of interests in smaller, private companies may be more limited than that for the sale of larger companies and thus may make realizations of gains more difficult.
- Investing in undermanaged or underperforming companies involve a high degree of business and financial risk that can result in substantial or total losses. These risks include investing in companies operating at a loss and investing in companies with the need for substantial additional capital. Portfolio companies in which the Clients invest may be highly leveraged and, as a consequence, subject to restrictive financial and operating covenants. The leverage may impair the ability of these companies to finance

their future operations and capital needs. As a result, these companies may lack the flexibility to respond to changing business and economic conditions, or to take advantage of business opportunities.

- Clients may invest in the consumer sector. The consumer sector can be significantly affected by various factors, including the performance of domestic and international economies, exchange rates, changing consumer preferences, demographics, marketing campaigns, cyclical revenue generation, consumer confidence, commodity price volatility, labor relations, interest rates, import and export controls, intense competition, technological developments and government regulation. Companies engaged in the design, production or distribution of products or services for the consumer discretionary sector are subject to the risk that their products or services may quickly become obsolete. The success of these companies can depend heavily on disposable household income and consumer spending. The consumer goods industry may be strongly affected by trends, marketing campaigns, demographics, changing consumer preferences and other factors affecting consumer demand. Many consumer goods are marketed globally and consumer goods companies may be affected by the demand and market conditions in other countries and regions.
- Clients may invest in manufacturing companies. Manufacturing companies may produce products that are sold to the ultimate consumers and/or to other businesses (that use such products as an input in their own products or services). Manufacturing companies that sell to other businesses may be affected by the economic conditions affecting their customers, which may be concentrated in a specific industry or industries. This could expose such manufacturing companies to the risks faced by their customers. Manufacturing companies may also be affected by the price and availability of the raw materials and component parts that are used to manufacture their products. Thus, such companies' businesses could be adversely impacted by factors affecting their suppliers (such as the destruction of their suppliers' facilities or their distribution infrastructure, a work stoppage or strike by their suppliers' employees or the failure of their suppliers to provide materials of sufficient quality), or by increased costs of such raw materials or components.
- MiddleGround and the Clients have no prior operating history. As a result, investors will not be able to examine the performance history of the Clients or MiddleGround.
- The success of the Clients will be dependent on certain key personnel. The loss of certain key individuals may have a material adverse effect on the performance of the Clients.
- The Clients may rely on projections and forecasts developed by MiddleGround. Such projections are based on assumptions with respect to future events. The actual future events may differ from the assumptions.

- Legal, tax and regulatory changes could occur during the term of a Client that may adversely affect such Client.
- Each Client's investment activity will be affected by general economic conditions. A Client may be subject to substantial losses in the event of a serious recession in the economies in which a Client invests.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of whether to make an investment decision. None of MiddleGround's affiliates, or its principals have been subject to any disciplinary action, whether criminal, civil, or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of MiddleGround have been subject to such action.

Item 10 – Other Financial Industry Activities and Affiliations

Management and employees of MiddleGround plan to dedicate substantially all of their professional efforts to MiddleGround and its affiliates, and currently have no significant outside business interests. From time to time, certain employees of MiddleGround may serve as board members in connection with underlying investments. Except with respect to Operating Partners, such employees will not be separately compensated for these positions. Prior to engaging in any outside business activities, employees will be required to pre-clear such activities with MiddleGround's chief compliance officer ("Chief Compliance Officer").

Item 11 – Code of Ethics

MiddleGround has adopted a Code of Ethics (the "Code") that obligates MiddleGround and its employees to put the interests of Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients.

All of MiddleGround's personnel are also required to comply with applicable federal securities laws. MiddleGround and its related persons do not recommend to Clients, or buy or sell for Client accounts, securities in which MiddleGround or its related persons have a material financial interest unless MiddleGround has obtained the requisite consent, from Underlying Investors or an LP Advisory Committee, required under the Governing Documents for the applicable Client.

All trades made by employees are reviewed by the Chief Compliance Officer. MiddleGround requires its employees to pre-clear all transactions in their personal accounts with the Chief

Compliance Officer who may deny permission to execute the transaction if such transaction is believed to have an adverse economic impact on one of its clients. Any approval will remain in effect for that business day. In addition, the Code prohibits MiddleGround or its employees from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer.

No employee may acquire new issues or securities in a limited offering without first obtaining pre-clearance and approval from the Chief Compliance Officer.

All of MiddleGround's employees are required to disclose their securities transactions, if any, on a quarterly basis and their holdings upon commencement of employment with MiddleGround and on an annual basis thereafter. All of MiddleGround's employees are also required to provide brokerage statements quarterly and an annual certification of transactions. Trading in employees' accounts will be reviewed by the Chief Compliance Officer and compared against the restricted securities list.

The Code of Ethics also sets forth MiddleGround policy with respect to insider trading by providing: i) a detailed explanation of the rules and regulations that govern insider trading; and ii) policies and procedures that should be carried out by MiddleGround employees in the event that there is any question as to the applicability of the insider trading rules.

MiddleGround's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Scot Duncan, Principal and Chief Compliance Officer.

MiddleGround is also committed to maintaining the confidentiality, integrity, and security of its investors' personal information. It is MiddleGround's policy to collect only information necessary or relevant to its management business and to use only legitimate means to collect such information. MiddleGround does not disclose any non-public, personal information about investors to anyone except for servicing and processing transactions and as required by law. MiddleGround restricts access to non-public, personal information about its investors to those employees with a legitimate business need for the information. MiddleGround maintains physical, electronic, and procedural safeguards to guard each investor's non-public, personal information. MiddleGround's privacy policy is available upon request by contacting Scot Duncan, sduncan@middlegroundcapital.com.

Item 12 – Brokerage Practices

MiddleGround does not plan to utilize any soft dollar arrangements. Furthermore, MiddleGround does not intend to direct trades in recognition of research provided by a broker-dealer. MiddleGround will not pay a higher dealer “spread” or otherwise utilize client funds to compensate dealers for the provision of research or trading advice.

MiddleGround has adopted a policy for the fair and equitable allocation of transactions, which generally analyzes each investment and/or investee fund commitment on an investment-by-investment basis, taking into consideration the specifics of each investment and the guidelines of each client. To the extent that multiple Clients participate in an investment, such investment will generally be allocated *pro rata* among such Clients, unless facts specific to the transaction and Clients warrant an alternative allocation methodology. In making such determination, MiddleGround will consider, among other factors, the proposed investment size, liquidity of the investment, investment objective, risk profile, time horizon, vintage year of a Client, Client-specific concentration limits or legal restrictions, the composition of a Client’s portfolio and diversification considerations, nature of investment, current market conditions, timing of cash flows and each client’s liquidity, and any other information determined to be relevant. Allocations may also differ for tax, regulatory, or other reasons as deemed appropriate by MiddleGround. Where conflicts arise in the allocation of investment opportunities, MiddleGround will seek to resolve such conflicts fairly.

As a fiduciary, MiddleGround has the responsibility to effect orders correctly, promptly, and in the best interests of our clients. MiddleGround will use its best efforts to seek to assure that investments are executed correctly; however, to the extent that an error occurs, MiddleGround will only be responsible for losses due to errors caused by the willful misconduct or gross negligence of MiddleGround (or as otherwise specified in the Governing Documents of the applicable Client). Except as otherwise specified in the Governing Documents for a Client, MiddleGround is not responsible for the errors of other persons, including third-party brokers and custodians.

Item 13 – Review of Accounts

The Clients, once established, will be under continuous review by MiddleGround’s officers, not less frequently than monthly. Such reviews will include a review of investment policy,

the suitability of the investments used to meet policy objectives, cash availability, and investment objectives. MiddleGround's officers consider, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return. Additionally, a review of a Client account may be triggered by any unusual activity or special circumstances.

On a quarterly basis, MiddleGround (and/or an independent administrator engaged by the applicable Client) will provide Underlying Investors with quarterly statements regarding their investment in a Client as well as estimates of the Client's performance and other information as MiddleGround may, from time to time, deem advisable and desirable.

Underlying Investors also receive annual financial statements audited by a third-party independent auditor to the Clients and, if applicable, the information necessary for an Underlying Investor to complete its annual federal income tax returns.

Item 14 – Client Referrals and Other Compensation

For certain Clients, MiddleGround may engage third-party solicitors (*i.e.* placement agents) for investor referrals. These engagements and any resulting investor solicitations will be structured to comply with the requirements of Rule 206(4)-3 under the Advisers Act and related SEC staff interpretations.

Item 15 – Custody

An affiliate of MiddleGround will serve as General Partner of each Client. Consequently, MiddleGround will be deemed to have "custody" over the Clients within the meaning of Rule 206(4)-2 under the Advisers Act. To comply with this Rule, MiddleGround distributes to each investor in a Client audited financial statements annually pursuant to Rule 206(4)-2(b)(4). Underlying Investors should review these audited financial statements carefully. If you have invested in a Client and have not received audited financial statements in a timely manner, please contact us immediately.

Item 16 – Investment Discretion

MiddleGround generally expects to provide its investment advisory services on a discretionary basis. MiddleGround's authority will be established by the Governing Documents of each Client at the outset of the advisory relationship. Underlying Investors may not place limits on MiddleGround's investment authority with respect to a Client beyond the agreed-upon limitations set forth in the Governing Documents (including, without limitation, any side letters entered into by Underlying Investors with respect to its investment in a Client) for such Client. When selecting and determining amounts for investments, MiddleGround observes the investment policies, limitations and restrictions of the Clients which it advises.

MiddleGround's investment decisions and advice with respect to its Clients are subject to each Client's investment objectives and guidelines, as set forth in its Governing Documents.

Item 17 – Voting Client Securities

MiddleGround has adopted voting procedures pursuant to Rule 206(4)-6 of the Advisers Act designed to ensure that proxies it holds on behalf of discretionary Clients are voted in the best interest of such Clients, absent their specific voting guidelines. This may result in different voting results for proxies for the same issuer held on behalf of different Clients. In the event MiddleGround becomes aware of a material conflict of interest in connection with a vote, MiddleGround will determine whether voting in accordance with MiddleGround's voting procedures is in the best interests of the respective Client(s) and whether it is appropriate to disclose the conflict to the affected Client(s). In all cases, proxies are voted consistent MiddleGround's fiduciary duties.

Investors may contact MiddleGround, via e-mail or telephone, in order to obtain information on how it voted such investor's proxies, and to request a copy of MiddleGround's voting procedures.

Item 18 – Financial Information

MiddleGround does not require or solicit prepayment of any fees six months or more in advance and does not have any financial condition that would impair its ability to meet contractual commitments to its Clients.