

# Latigo Partners, L.P. Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of Latigo Partners, L.P. (“Latigo” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 212-754-1610. 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 Latigo is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

Latigo's most recent update to Part 2A of Form ADV was made in March 2018. This Part 2A of Form ADV contains the following material changes since our most recent update:

- Latigo launched and started providing investment advisory services to Latigo Partners Special Situations Opportunity Master Fund, L.P. and its feeder fund, Latigo Partners Special Situations Opportunity Offshore Fund, L.P.
- Latigo no longer sponsors or provides investment advice to a co-investment vehicle. However, Latigo may provide investment advice to other co-investment vehicles in the future.

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## Item 4. Advisory Business

Latigo Partners, a Delaware limited partnership formed in May 2005 by David Sabath and David Ford, is a fund manager specializing in event-driven investing. The firm manages concentrated-event driven strategies, including distressed securities, special situations and long/short credit and equity investing, and focuses on value-driving events/catalysts, including restructurings, bankruptcies, mergers and deep-value, catalyst- oriented opportunities. Latigo provides investment management services to client accounts.

Additional detailed information about Latigo is provided below, including information about Latigo's advisory services, investment approach, personnel, affiliations and brokerage practices. As of December 31, 2018 the Company managed approximately \$527.7 million of regulatory assets under management on a discretionary basis for Latigo Ultra Master Fund, Ltd. and its feeder funds, Latigo Ultra Fund, Ltd., Latigo Ultra Fund, L.P., and Latigo Ultra Intermediate Fund, Ltd.; and Latigo Advisors Master Fund, Ltd., and its feeder funds, Latigo Advisors Offshore Fund, Ltd., and Latigo Advisors Intermediate Fund, Ltd., Latigo Partners Special Situations Opportunity Master Fund, L.P. and its feeder fund, Latigo Partners Special

Situations Opportunity Offshore Fund, L.P., all private investment funds and collectively (the “Funds”) and two separately managed accounts (collectively with the Funds, Latigo’s “Clients”). Latigo’s Clients, but not Fund investors, are permitted to put reasonable restrictions on the management of their account.

## **Item 5. Fees and Compensation**

Latigo is paid the following fees for its management of the Funds: (1) a management fee that ranges from 1.0% to 2.0% (annualized) that is calculated and payable quarterly in advance based on either account balance or drawn capital, depending on the fund. Management fees exclude, in each case, the accrual of any performance allocation to Latigo or its affiliates. In addition to the management fee, Latigo or its affiliates receives a performance allocation that is calculated and payable annually that ranges from 15% to 20% (annualized) for all Funds except Latigo Partners Special Situations Opportunity Master Fund, L.P. and its feeder fund, Latigo Partners Special Situations Opportunity Offshore Fund, L.P., for which Latigo or its affiliates receives a carried interest that ranges from 17.5%-20% after a preferred return. Fees and terms are not negotiable for the Funds except in limited circumstances at Latigo’s sole discretion. Management and performance fees are discussed in more detail in each of the Funds’ governing documents or the individual investment management agreement with each separately managed account client.

Latigo does not have a standard fee schedule for separately managed accounts or co-investment vehicles as they are uniquely negotiated with each client.

Management and performance-based fees are waived, reduced, or calculated differently with respect to certain Investors and Clients, including, without limitation, Investors or Clients that are officers, directors, members, partners, or employees (collectively the “Employees”) of Latigo, members of the immediate families of such persons, and trusts or other entities for their benefit. Latigo also has the ability to waive certain fees related to co-investment opportunities for certain Clients. See ***Brokerage Practices*** below for further information related to co-investments.

Latigo is responsible for its own general operating and overhead costs, including salaries, employee benefits, office rent, non-investment-related travel expenses of its personnel and other general overhead costs. The Funds and separate management accounts bear their own investment related expenses including research, professional fees, administrative expenses, accounting, legal, audit and tax preparation, insurance, organizational, pricing expenses, and investment expenses such as commissions, custodial fees, bank service fees and other expenses related to the purchase, sale or transmittal of client assets. Latigo pays, and may pay in the future, for insurance expenses attributable to certain separate managed accounts due to unique negotiations with each client. Similarly, co-investment vehicles will pay for research. Fees are allocated on an investment specific basis or pro-rata to all funds, and, if applicable separately managed accounts and co-investment vehicles, based on assets under management or holdings of a specific investment. There could be discrepancies in the pricing of the same security held by the Funds and separately managed accounts because of different administrators or custodians valuing a security. Furthermore, Latigo maintains responsibility for the valuation of securities held by the Funds and not of those held by separately managed accounts. As a result, valuation discrepancies may impact the allocation of certain expenses, such as research, when the pro-rata allocation is based on assets under management. Latigo has established procedures to monitor pricing differences between accounts and to mitigate any conflicts resulting from such pricing differences.

Latigo and its affiliates have the ability to select the Funds’ third-party service providers, some of which could be related to current or potential investors in the Funds. Latigo does not believe these relationships with third-party service providers present a conflict, considering Latigo’s policies and procedures that include conducting initial and ongoing due diligence of Latigo’s and its Funds’ service providers.

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

As stated in the Fees and Compensation section above, Latigo or its affiliates receive a performance allocation or carried interest, which are fees based on a share of capital gains on or capital appreciation of the Client's assets. Additionally, certain Clients may pay higher or lower performance based fees pursuant to Latigo or the Funds' General Partner's discretion.

The fact that Latigo is compensated based on the trading profits may create an incentive for Latigo to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance based fee received by Latigo is based primarily on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize. Latigo manages separately managed accounts *pari passu* with certain Funds (subject to certain Client imposed investment restrictions and guidelines) and therefore does not believe the side-by-side management with the Funds creates a conflict. Latigo also has trade allocation policies and procedures to ensure that Clients obtain fair and equitable allocations.

## **Item 7. Types of Clients**

Latigo provides investment management advice to the Funds and separately managed accounts. These Clients may include investors that are, but are not limited to high net worth individuals, family offices, advisor/consultants, foundations and endowments.

Generally, an investor is required to open an account with a minimum of \$2,000,000. The minimum investment may be modified by the Latigo or an affiliated general partner in its sole discretion. Complete details concerning applicable Investor eligibility criteria are set forth in each Fund's offering documents and subscription materials. For separately managed accounts, Latigo does not have a standard minimum account opening requirement and all terms are uniquely negotiated with each client.

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

Latigo specializes in event-driven investment opportunities. Depending on market conditions, strategies may include, without limitation, U.S. and non-U.S. distressed securities, relative value trading, capital structure arbitrage, and other catalyst driven trading. Latigo seeks to exploit overvalued and undervalued opportunities as well as other inefficiencies in the market, and as a result, Latigo will enter into both long and short positions. Latigo will primarily trade bank debt, corporate bonds, trade claims, credit derivatives and equities. Latigo also may trade in other securities and instruments that it believes to provide attractive opportunities, which may include, without limitation, U.S. and non-U.S. equity-related securities, other fixed-income securities not described above, certain real estate-related securities, warrants, options, swaps and other derivative instruments, U.S. government securities, commercial paper, certificates of deposit and other cash equivalents (collectively, "Financial Instruments"). Investments in Financial Instruments may be made on exchanges and over-the-counter. Latigo may invest clients' excess cash balances in short-term investments.

## Investment Risks

Investing entails a significant degree of risk and therefore should be undertaken only by clients capable of evaluating the risks presented by the investment strategy. The following is a discussion of material risks for Latigo's investment strategies, but it does not purport to be a complete explanation of all the risks involved in its investment strategies.

*Dependence on Latigo.* Success is significantly dependent upon the ability of Latigo to develop and effectively implement investment strategies and achieve investment objectives. Clients are relying entirely on Latigo to conduct and manage their affairs. Subjective decisions made by Latigo may cause Clients to incur losses or to miss profit opportunities on which it would otherwise have capitalized. Success also could be affected by turnover in Latigo's personnel who are responsible for Client's investment activities. While turnover is expected in the industry, Clients should consider the effect of past and future turnover on performance. Clients should also consider the experience and success of departing and any new personnel. Because specific investments have not yet been identified, Clients must rely on the ability of Latigo to make appropriate investments and investment decisions.

*Regulatory Oversight.* Although Latigo is registered with the SEC as an investment adviser, Clients are not required and are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the "1940 Act"). Certain Clients rely on the exclusion from the definition of an investment company provided in Section 3(c)(7) of the 1940 Act, which permits unregistered private investment companies to sell their interests on a private placement basis to "qualified purchasers" as defined in Section 2(a)(51) of the 1940 Act and "knowledgeable employees" as defined under Rule 3c-5 of the 1940 Act. Accordingly, the provisions of the 1940 Act (which, among other protections, require that investment companies have a majority of disinterested directors, that their securities be held in custody and individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the adviser and the investment company) are not applicable to Clients.

*Illiquid Portfolio Instruments.* Latigo may invest Client assets in investments that Latigo believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstances. Latigo may not be able to readily dispose of illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

*Investments in Troubled and Leveraged Companies.* Latigo may invest in securities of financially troubled companies, securities of highly leveraged companies and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security in respect to which such distribution was made.

*Leverage.* Latigo has the authority to borrow money for investment purposes, to pay redemptions and for cash management purposes. Latigo may "leverage" by borrowing. The use of leverage allows Latigo to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. The use of leverage magnifies the volatility of changes in the value of the investments. The

effect of the use of leverage in a market that moves adversely to its investments could result in substantial losses, which would be greater than if the Client were not leveraged.

While leverage presents the opportunity for increasing the total return on investments, the use of leverage can, in certain circumstances, maximize the losses to which the Client's respective investment portfolios may be subject. Accordingly, any event that adversely affects the value of an investment could be magnified to the extent leverage is utilized. The cumulative effect of the use of leverage with respect to any investments in a market that moves adversely to such investments could result in a substantial loss that would be greater than if the investments were not leveraged.

*Short Selling.* Latigo may engage in short selling from time to time. Short selling involves selling securities which are borrowed for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices of the sold securities to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that Latigo would be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Small and Medium Capitalization Companies.* Latigo invests a portion of its assets in the securities of companies with small to medium-sized market capitalizations. While Latigo and its affiliates believe such securities often provide significant potential for appreciation, the securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

*Investment in Non-U.S. Securities; Exchange Rate Exposure.* Latigo may invest a portion of Clients' assets in securities of non-U.S. issuers and in investments that may be denominated in non-U.S. currencies. Non-U.S. investments face specific risks, which include unfavorable changes in currency rates and exchange control regulations; restrictions on, and costs associated with, the exchange of currencies and the repatriation of capital; reduced availability of information regarding foreign companies; different accounting, auditing and financial standards and possibly less stringent reporting standards and requirements; reduced liquidity and greater volatility; difficulty in obtaining or enforcing a judgment; increased market risk due to regional economic and political instability; increased brokerage commissions and custody fees; securities markets which are less developed than in the U.S. may suffer from periods of relative illiquidity, and may be subject to a lesser degree of supervision and regulation than securities markets in the U.S.; imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sales or disposition proceeds; delays in settling securities transactions; threat of nationalization and expropriation; increased potential for corrupt business practices in certain foreign countries; failure to receive government approval prior to investments in a particular issuer by foreign persons; limits on the amounts of investment by foreign persons in particular issuers; and limits on the investment by foreign persons to specific classes of securities with less advantageous rights.

*Derivative Instruments.* Latigo may enter into swaps and other derivative instruments, such as credit derivatives. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk.

General Market Conditions. The success of Latigo's investments will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of Client's investments. Volatility and/or illiquidity could impair a Client's profitability or result in losses. Client's could incur material losses even if Latigo reacts quickly to difficult market conditions, and there can be no assurance that Clients will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future.

Cybersecurity Risk. As part of its business, Latigo processes, stores and transmits large amounts of electronic information, including information relating to the transactions of Clients and personally identifiable information of the Investors. Similarly, service providers of Latigo may process, store and transmit such information. Latigo has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Latigo may be susceptible to compromise, leading to a breach of Latigo's network. Latigo's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Latigo's information systems may cause information relating to the transactions of Clients and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

The service providers of Latigo and Clients are subject to the same electronic information security threats as Latigo. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Client and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Latigo's or Client's proprietary information may cause Latigo or the Client to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Clients.

Risk of Loss. Investments are highly speculative and Latigo may not be successful in meeting its clients' performance objectives. Investors should not invest with Latigo unless they can bear the risk of a complete loss of their principal. There is no assurance that clients will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy. The past investment performance of Latigo is not indicative of future results.

## **Item 9. Disciplinary Information**

Latigo and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Item 10. Other Financial Industry Activities and Affiliations**

Latigo is affiliated with Latigo Partners GP LLC, which is the general partner of Latigo. Latigo is also affiliated with Latigo GP, LLC and Latigo Special Situations Opportunity GP, LLC, the general partners of

certain Funds managed by Latigo. Latigo does not believe that its affiliation with Latigo Partners GP LLC, Latigo GP, LLC or Latigo Special Situations Opportunity GP, LLC create any material conflict of interests with its clients.

Latigo has granted a revenue share to certain affiliates of an investor in the Funds. Such affiliates also serve as placement agent for certain Funds. In connection with such revenue share, the Fund investor has different liquidity provisions such as a two year lockup.

From time-to-time, Latigo may structure and serve as the general partner to special-purpose vehicles ("SPV's") formed for the purpose of acquiring and holding client assets and addressing specific tax, legal, or regulatory concerns. The SPV's are pass-through entities that receive no management fees, performance fees or other economic benefit in connection with the acquisition of client assets.

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

### Code of Ethics

Latigo strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Latigo has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of clients must be kept confidential; and independence in the investment decision-making process must be maintained at all times. The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to Latigo on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. *A copy of the Code is available by contacting Latigo at the address or telephone number listed on the first page of this document.*

Latigo also maintains insider trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Latigo's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on an annual basis.

### Investment Activities of Latigo and its Personnel

Latigo's employees must obtain written approval from the Chief Compliance Officer before purchasing or selling any "covered security" defined as such under the Investment Advisers Act of 1940 (the "Advisers Act") other than (i) transactions in which an employee has no direct or indirect influence or control; (ii) transactions pursuant to an automatic investment plan; (iii) purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities; and (iv) acquisitions of securities through stock dividends, stock splits, reverse stock splits, mergers, consolidations, spin-offs and other similar corporate reorganizations.



In determining whether to approve personal securities trading by employees, the Chief Compliance Officer will take into consideration the following procedures and principles:

- Comparison to "restricted list" of issuers that Latigo has material non-public information, and placing prohibitions on any trading (for clients or for personal accounts) in securities of issuers on the restricted lists.
- Determining whether investment opportunities should be offered first to Clients before Latigo or its employees act on them.

#### Restrictions Due to Insider Information

Latigo's Insider Trading Policies prohibit Latigo and its personnel from trading for clients or themselves, or recommend trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, Latigo may have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. Latigo has designed and implemented policies and procedures reasonably designed to shield its investment professionals in most cases from access to Inside Information so that investment decisions may be made on the basis of public information only. Among other things, such policies seek to control and monitor the flow of Inside Information to and within Latigo, as well as prevent trading based on Inside Information. Accordingly, Latigo may not have access to Inside Information that other market participants or counterparties are eligible to receive.

Notwithstanding such policies and procedures, there may be certain cases where Latigo either may receive Inside Information due to its various activities on behalf of itself or clients or may be restricted in acting for clients, resulting in limited liquidity or the inability to use such information for the benefit of certain clients in specific securities. Latigo seeks to minimize those cases whenever possible, consistent with applicable law and its Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

#### Additional Considerations

Clients will be subject to a number of actual and potential conflicts of interest involving Latigo and its affiliates. However, Latigo and its affiliates have substantial incentives to see the assets in client portfolios appreciate in value, and merely because an actual or potential conflict of interest exists does not mean that it will be acted upon to the detriment of clients.

Latigo and its affiliates are not restricted from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with client accounts and/or may involve substantial time and resources of Latigo. These activities could be viewed as creating a conflict of interest in that the time and effort of the investment team will not be devoted exclusively to Clients, but will be allocated among Clients and the other activities of Latigo. Latigo has established policies and procedures to mitigate these and other potential conflicts of interest. Clients may engage in agency, agency cross and principal transactions with affiliates of Latigo to the extent permitted by applicable securities law.

## Item 12. Brokerage Practices

Clients' portfolio transactions will be allocated to brokers on the basis of best execution and in consideration of a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and the provision or payment by the broker of the costs of research and research-related services which are of benefit to clients and Latigo. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to clients by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. The use of commission or "soft" dollars (or dealer markups and markdowns arising in connection with riskless principal transactions) for research and research-related services will come within the safe harbor for the use of soft dollars provided under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Subject to the considerations described above, the selection of a broker to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by the broker's provision of capital introductions, marketing assistance, consulting services with respect to technology, operations, equipment and office space, commitment of capital, access to company management, and/or access to deal flow, among other things. Neither Latigo nor clients separately compensate any broker for any of these other services.

From time to time, a client may request that Latigo direct brokerage to a specific broker. Latigo will review each request on a case-by-case basis, and subject to regulatory requirements, determine whether or not to honor such request.

Brokers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker may be less than the suggested allocation, but can (and often should be expected to) exceed the suggested level, because total brokerage will be allocated on the basis of all of the considerations described above. A broker will not be excluded from receiving business because it has not been identified as providing research products or services.

Securities transactions can be expected to generate brokerage commissions and other costs, all of which clients will be obligated to pay. Latigo will generally have discretion in deciding what brokers/dealers to use and in negotiating the rates of compensation clients will pay. In addition to using brokers as "agents" and paying commissions, Latigo may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns.

### Soft Dollar Usage

It is currently Latigo's policy not to engage in any formal soft-dollar arrangements; however, in connection with client transactions, broker-dealers may, as part of their bundled services, provide Latigo with research and research-related services. These bundled services are made available to Latigo on an unsolicited basis and without regard to the rates of commissions charged or paid by clients or the volume of business that Latigo directs to such broker-dealers; however, Latigo may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. Latigo will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. Latigo believes it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, quantitative analytics relevant to stock selection and risk control, and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to Latigo in the performance of its investment decision-making responsibilities. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, software that provides trade analytics and trading strategies, and meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives. In some cases, research services are generated by third parties but are provided to Latigo by or through broker-dealers. Consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more client may be used by Latigo to service other clients. Where a product or service obtained with soft dollars provides both research and non-research assistance to Latigo (*i.e.*, a "mixed use" item), Latigo will make a reasonable allocation of the cost which may be paid for with soft dollars.

#### Cross and Principal Trades

Latigo and its personnel do not purchase or sell any securities for their own accounts to or from clients. However, from time to time, subject to applicable restrictions under the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") as well as client's investment guidelines and restrictions, Latigo may direct one client to sell securities to another client through an internal cross transaction in which neither Latigo nor a related person will receive compensation. Any such transaction will be effected based on the then current independent market price and consistent with valuation procedures established by Latigo. Such cross transactions generally will be made without brokerage commissions or dealer markups being charged. To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Fund by Latigo and its personnel, Latigo will comply with the requirements of Section 206(3) of the Advisers Act, including that Latigo will notify the clients in writing of the transaction and obtain the consent of the clients.

#### Trade Errors

Latigo, as applicable, may on occasion experience errors with respect to trades executed on behalf of its clients. Trade errors can result from a variety of situations, including, for example, when the wrong security is purchased or sold, the correct security is purchased or sold but for the wrong account, or the wrong quantity is purchased or sold (e.g., 1,000 shares instead of 10,000 shares are traded or when a misallocation among Funds occurs). Trade errors may result in losses or gains. Latigo will endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker-dealer, Latigo will strive to recover any losses associated with such error from such third party. Unless Latigo determines that a trade error has occurred as a result of gross negligence on its part, any losses will be borne by (and any gains will benefit) the applicable Fund. The handling of trade errors in separately managed accounts and co-investment vehicles is governed by the advisory agreement with such clients and include Latigo being responsible for trade error losses in certain circumstances. Latigo has established internal policies regarding the manner in which such trade error determinations are made. In making such determinations, Latigo will have a conflict of interest.

#### Trade Allocation and Aggregation Policies and Procedures

If it is determined by Latigo that it would be appropriate for more than one client to participate in an investment opportunity, Latigo generally will seek to execute orders for all of the participating clients on an equitable basis, taking into account such factors as the relative amounts of capital available for investments

and clients' investment programs and portfolio positions. These orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. In an "average price" account, purchase and sale orders placed during a trading day on behalf of clients are combined, and securities bought and sold pursuant to such orders are allocated among all such clients on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different clients on a basis which Latigo considers equitable.

Average pricing, however, is not permitted under applicable U.S. Commodities Futures Trading Commission regulations and, therefore, to the extent clients engage in futures transactions, it is possible that different accounts will have orders for such transactions filled at different prices.

Latigo will have no obligation to purchase, sell or exchange any security or financial instrument for one Client which Latigo may purchase, sell or exchange for another Client if Latigo believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Client.

Additional factors that Latigo may take into account include, among others, the nature and size of the proportion of a securities issue likely to be available to Latigo or the nature and size of the proposed sale; the investment objectives and restrictions on clients; the relative size and cash availability of the applicable strategy within a client account; the ability to borrow and the cost of borrowed funds; tax consequences; legal restrictions, including those that may arise in foreign jurisdictions; the liquidity of the investment relative to the need of each client; the degree of specialization of a client relative to the investment offered; the relative historical participation of a client in the investment; the difficulty of liquidating an investment for more than one client; the possibility that an allocation may result in a small or odd lot; new clients with a substantial amount of investable cash; and other factors considered relevant. These factors may be particularly relevant for the differences between Latigo's investment strategy for Latigo Ultra Master Fund, Ltd. and its feeder funds, Latigo Ultra Fund, Ltd., Latigo Ultra Fund, L.P., and Latigo Ultra Intermediate Fund, Ltd.; and Latigo Advisors Master Fund, Ltd., and its feeder funds, Latigo Advisors Offshore Fund, Ltd., and Latigo Advisors Intermediate Fund, Ltd. and the separately managed accounts (the "Main Strategy") and the strategy of, accounts managed pursuant to the Latigo Partners Special Situations Opportunity Master Fund, L.P ("Special Opportunities Strategy").

The Special Opportunities Strategy, for instance may not participate in transactions executed pursuant to the Main Strategy. Moreover, due to the nature of the strategies, trades placed in connection with the Special Opportunities Strategy may not be made simultaneous with the Main Strategy, but, rather may follow trading for the Main Strategy. There could also be instances in which a transaction will only be executed on behalf of the Special Opportunities Strategy. For example, Latigo may need to "ramp up" a position in the Special Opportunities Strategy for which accounts managed pursuant to the Main Strategy have already achieved their target allocation.

As a result, accounts managed pursuant to the Special Opportunities Strategy may incur materially different transaction costs or receive materially different prices than accounts managed pursuant to the Main Strategy. In addition, there may be times when the Adviser may buy (or sell) a security for the Special Opportunities Strategy while simultaneously selling (or buying) the same security for the Main Strategy. Accordingly, it is possible that the investment activities or strategies used for certain Clients (including, purchases and sales in a particular position) could conflict with the investment activities and strategies employed, or positions held, by another Client, and affect the prices of the financial instruments in which such Client invests.

### Co-Investment Opportunities

In the event Latigo has an opportunity to offer co-investment opportunities to investors, Latigo has adopted a policy governing the offer of such opportunities to Limited Partners and/or other co-investors. Co-investment opportunities offered to Limited Partners and any other co-investor may be made available through limited partnerships or other entities formed to make such investments. The General Partners or Latigo have discretion with respect to each Fund investment to determine whether or not there will be co-investors, whether the Limited Partners of the investing Fund or other co-investors will be invited to participate in co-investments and the allocation of co-investment opportunities among participants. Various factors influence which investors are offered and permitted to invest in co-investment opportunities, including the ability of the investor to fund and complete the investment on a timely basis, historically expressed interest in co-investments, alignment of management interests and for strategic or other reasons as more fully described in the applicable offering documents.

## **Item 13. Review of Accounts**

Latigo performs various daily, weekly, monthly, quarterly and periodic reviews of client portfolios. Such reviews are conducted by the portfolio managers and research analysts.

At a Client's request and at Latigo's discretion, Latigo may participate in monthly portfolio reviews with Clients, which are attended by the appropriate members of Latigo's investment staff.

The beneficial owners of the Funds receive monthly reports from Latigo that include information regarding the portfolio.

## **Item 14. Client Referrals and Other Compensation**

Latigo does not directly or indirectly compensate any third-party for client referrals. However, Latigo has engaged two placement agents to assist with the distribution of certain of the Fund's interests. Compensation under this arrangement will generally be a percentage of the management and performance fees collected by Latigo. The compensation is paid by Latigo, not the Funds. Latigo will verify that any party compensated to distribute the Fund's securities is properly registered.

Latigo may effect securities transactions through a number of broker-dealers. By virtue of it conducting business with broker-dealers, in addition to the soft dollar products and services discussed in the Trading Practice section above, Latigo may receive certain economic benefits from such broker-dealers which would not be received if Latigo did not transact through the broker-dealers. These benefits may include, but are not limited to: access to an electronic communication network for order entry and account information; receipt of proprietary research; and participation in broker-dealer sponsored research conferences. Latigo understands that the benefits received through its relationship with the broker-dealers generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the broker-dealers.

## **Item 15. Custody**

Latigo is deemed to have custody of the Funds' assets because of the authority that Latigo and/or affiliates have over the assets. The Funds' financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor within

120 days of each Fund's fiscal year-end. The audited financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Upon liquidation of a private fund, the vehicle will also undergo a liquidation audit. With the exception of certain investments that are defined as "privately offered securities" per Rule 206(4)-2 under the Investment Advisers Act of 1940 (the "Custody Rule"), client assets will be held in custody by "qualified custodians". Additionally, Latigo has developed procedures that ensure the safeguarding and protection of the assets.

For separately managed account clients for which Latigo is deemed to have custody due to a fee debiting arrangement, such clients maintain assets with a qualified custodian and will receive statements no less than quarterly directly from their qualified custodian. Clients should carefully review such statements.

## **Item 16. Investment Discretion**

Latigo will generally manage client accounts on a fully discretionary basis which generally includes the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. Notwithstanding, Latigo's investment authority is limited by its own internal policies and procedures and the agreements governing the client relationship.

## **Item 17. Voting Client Securities**

The Securities and Exchange Commission adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Latigo has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of clients, as determined by Latigo in its discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. In limited circumstances, Latigo may refrain from voting proxies where Latigo believes that voting would be inappropriate taking into consideration the cost of voting the proxy and the anticipated benefit to clients. *A copy of Latigo's proxy voting policy and the proxy voting record relating to a client of Latigo may be obtained by contacting Latigo at the address or telephone number listed on the first page of this document.*

From time to time, Latigo may receive notices regarding class action lawsuits involving securities that are or were held by clients. As a matter of policy, Latigo refrains from serving as the lead plaintiff in class action matters and also refrains from submitting proofs of claim where Latigo believes that either the recovery amounts are likely to be negligible or Latigo cannot be assured of confidential treatment of the data submitted in connection with the proof of claim. As a result, Latigo, in most cases, does not expect to participate in class action law suits.

## **Item 18. Financial Information**

Latigo has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.