

## **ITEM 1 – COVER PAGE**

### **PART 2A OF FORM ADV: FIRM BROCHURE**



Capricorn Advisers, LLC  
Capricorn Management, LLC  
Capricorn-Libra Partners, LLC  
TIF Partners, LLC  
TIGF Partners, LLC  
SIF Partners LLC

**250 UNIVERSITY AVENUE, SUITE 300  
PALO ALTO, CA 94301**

**660 MADISON AVENUE, SUITE 1725  
NEW YORK, NY 10065**

**CONTACT: DAWNAE DODDS**

**WWW.CAPRICORNLLC.COM**

**March 28, 2019**

**This brochure provides information about the qualifications and business practices of Capricorn Investment Group, LLC, Capricorn Advisers, LLC, Capricorn Management, LLC, Capricorn-Libra Partners, LLC, TIF Partners, LLC, TIGF Partners, LLC, and SIF Partners LLC (collectively the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (650) 331-8800 or [ddodds@capricornllc.com](mailto:ddodds@capricornllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Adviser may refer to itself as a “registered investment adviser” from time to time and it should be noted that such references to being “registered,” does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

The following material changes have been made to this Brochure since the last other-than-annual amendment filed on December 19, 2018:

- This brochure was updated to include the addition of SIF Partners LLC as one of Capricorn's relying advisers, also listed on Schedule R of Form ADV 1A. References to the activities of SIF Partners LLC are made throughout the document.
- Item 4: Updates to Capricorn's regulatory assets under management.

Capricorn encourages its clients and investors to read the Brochure carefully. Pursuant to SEC regulations, Capricorn will ensure that its Advisory Clients and investors receive a summary of any material changes to this Brochure within 120 days of the end of its fiscal year, along with a copy of this Brochure or an offer to provide the Brochure.

As Capricorn experiences material changes in the future, it will distribute a summary of 'Material Changes' under separate cover.

### ITEM 3 - TABLE OF CONTENTS

	<u>Page</u>
ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES .....	I
ITEM 3 - TABLE OF CONTENTS.....	II
ITEM 4 – ADVISORY BUSINESS .....	1
ITEM 5 – FEES AND COMPENSATION .....	5
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT ...	9
ITEM 7 – TYPES OF CLIENTS .....	10
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
ITEM 9 – DISCIPLINARY INFORMATION .....	15
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS..	16
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	19
ITEM 12 – BROKERAGE PRACTICES.....	23
ITEM 13 – REVIEW OF ACCOUNTS.....	25
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	27
ITEM 15 – CUSTODY .....	28
ITEM 16 – INVESTMENT DISCRETION .....	29
ITEM 17 – VOTING CLIENT SECURITIES.....	30
ITEM 18 – FINANCIAL INFORMATION .....	31

## **ITEM 4 – ADVISORY BUSINESS**

### **A. Overview of Capricorn Investment Group, LLC**

This Brochure provides information for seven investment advisers, as detailed below, (i) Capricorn Investment Group, LLC; (ii) Capricorn Advisers, LLC; (iii) Capricorn Management, LLC; (iv) Capricorn-Libra Partners, LLC; (v) TIF Partners, LLC; (vi) TIGF Partners, LLC, and (vii) SIF Partners LLC. In accordance with the 2012 ABA SEC No-Action Letter, Capricorn Investment Group, LLC (“Capricorn”) is the “filing adviser” and (i) Capricorn Advisers, LLC; (ii) Capricorn Management, LLC; (iii) Capricorn-Libra Partners, LLC; (iv) TIF Partners, LLC; (v) TIGF Partners, LLC, and (vi) SIF Partners LLC are “relying advisers.” References to Capricorn in this Brochure are generally intended to encompass the relying advisers, except where otherwise noted.

Capricorn Investment Group, LLC, a Delaware limited liability company, manages the assets of high-net worth individuals, trust accounts and tax-exempt foundations. Capricorn was established in April of 2007 to continue the business of Capricorn Management, LLC (“Capricorn Management”). Capricorn Management commenced business in 2001 as a family office for Capricorn’s anchor client.

Capricorn provides its advisory services in conjunction with a wholly-owned subsidiary, Capricorn Advisers, LLC, a Delaware limited liability company (“Capricorn Advisers”) with its principal place of business in New York City. Capricorn has entered into a services agreement with this subsidiary pursuant to which they provide Capricorn with investment advice and other services in exchange for a portion of the management fee paid with respect to Capricorn clients’ investments.

The principal owner of Capricorn is a limited liability company that is owned by the Jeffrey S. Skoll Revocable Trust. It should be noted that there are other owners of Capricorn with less than 25% ownership interest that are fully disclosed in Schedule A of Capricorn’s Form ADV Part 1. On a day-to-day basis, Capricorn is run by Dr. Ion Yadigaroglu, Managing Principal and Member.

### **B. Advisory Services**

Capricorn seeks to generate equity-like returns by investing in a diversified global portfolio of leading private funds and making proprietary direct investments with limited permanent capital loss risk at the portfolio level. Capricorn implements a scenario-based and mean variance approach to guide capital allocation and risk management for its clients. Capricorn’s vision is to provide consistently strong investment performance and risk management, with a principled investment approach. Capricorn believes that achieving superior investment returns does not preclude a principled investment approach, meaning that Capricorn’s people, processes and underlying investments seek to be of uncompromising quality, aligned with the interests of its clients, ethical, fair, long-term oriented and not directly harmful to our world or people.

In addition to the foregoing, Capricorn and its relying advisers provide certain advice to various private investment partnerships and funds. Capricorn may engage in other advisory services in the future, such as providing portfolio reviewing/consulting services, and will update this Brochure when it commences activities in those areas.

The advisory clients of Capricorn and its relying advisers (the “Advisory Clients”) are described below.

### **The Discretionary Client Program**

Capricorn allocates and manages its discretionary clients' assets (each a "Discretionary Client") through limited partnerships and other investment entities ("Discretionary Client Program"). Under the Discretionary Client Program Capricorn advises single investor Delaware limited partnerships (each an "Investor Holding Partnership" or "IHP") or single investor Cayman Islands limited partnerships (each a "Cayman Partnership"). Each Cayman Partnership invests in an individual Delaware limited partnership created specifically for that Cayman Partnership (also an "IHP"). Capricorn serves as the general partner of each IHP and Cayman Partnership.

Each IHP invests its assets in underlying funds managed by third parties, funds managed by Capricorn, its relying advisers and affiliates, direct investments, co-investment opportunities and other opportunities (any such investment, an "Underlying Investment").

For certain non-US clients, Capricorn has set up a structure similar to the IHP structure outlined above, the primary vehicle being a Luxembourg SICAV which makes Underlying Investments. As applicable, references to IHPs in this ADV should also include references to the activities of the Luxembourg SICAV.

IHP clients, with the exception of the Luxembourg SICAV, have invested in a private fund, the general partner of which is Capricorn (the "AIP Fund"). The AIP Fund invests in Underlying Investments.

### **Discretionary and Non-Discretionary Legacy Client Program**

Capricorn provides discretionary and non-discretionary investment advice and management services (the "Discretionary and Non-Discretionary Legacy Client Program") to a particular high net-worth client (the "Individual Client") and to several non-taxable entities created by the Individual Client (the "Non-Taxable Entities"). The Individual Client is a control person of Capricorn.

The Individual Client's assets are invested through a series of entities ultimately controlled by Capricorn Management, an entity wholly-owned by the Individual Client. Capricorn is a non-managing member of Capricorn Management and has entered into an investment advisory services agreement (the "Advisory Agreement") with an indirect subsidiary of Capricorn Management (the "Advisory Subsidiary"). Pursuant to the Advisory Agreement, Capricorn provides investment advice with respect to the investment of the Individual Client's assets (the "Non-Discretionary Legacy Client Program"). Capricorn Management is a relying adviser of Capricorn.

Capricorn provides investment advice to the Non-Taxable Entities pursuant to an investment management agreement between the Non-Taxable Entities and Capricorn (the "Discretionary Legacy Client Program"). The assets of the Non-Taxable Entities are not invested through the IHPs, but instead are invested directly in Underlying Investments, often alongside the IHPs.

### **Relying Adviser Strategies**

Below provides a description of the investment strategies pursued by Capricorn's relying adviser entities and the funds they manage.

**Capricorn-Libra Strategy ("LIBRA"):** Capricorn acts as investment adviser to the LIBRA private fund, which makes investments in the sustainable technology sector (Capricorn-Libra Investment Group, LP, the "LIBRA Fund"). The general partner of the LIBRA Fund is Capricorn-Libra Partners, LLC, a relying adviser of Capricorn. The principal of LIBRA is Dipender Saluja. Conflicts relating to LIBRA are discussed in **Item 10** and **Item 11B** below.

**Technology Impact Fund Strategy ("TIF"):** Capricorn acts as investment adviser to the TIF private fund, which makes investments in early stage companies operating within the technology sector (Technology Impact Fund, LP, the "TIF Fund"). The general partner of the TIF Fund is TIF Partners, LLC, a relying adviser of Capricorn. The principals of TIF are Ion Yadigaroglu and Dipender Saluja. Conflicts relating to TIF are discussed in **Item 10** and **Item 11B** below.

**Technology Impact Growth Fund Strategy ("TIGF"):** Capricorn acts as investment adviser to the TIGF private fund, which makes investments in growth stage companies operating within the technology sector (Technology Impact Growth Fund, LP, the "TIGF Fund"). The general partner of the TIGF Fund is TIGF Partners, LLC, a relying adviser of Capricorn. The principals of TIGF are Ion Yadigaroglu and Dipender Saluja. Conflicts relating to TIGF are discussed in **Item 10** and **Item 11B** below.

**Sustainable Investors Fund Strategy ("SIF"):** Capricorn acts as investment adviser to the SIF private fund, the investment strategy of which is to (i) invest in public and private asset managers who incorporate sustainability as a primary attribute of its investment thesis, providing initial limited partner capital and/or investing into a fund's manager or general partner, (ii) make early stage fund investments through material investments into emerging managers, with governance and structural protections and discounted initial fees, and (iii) make private equity investments in fund managers and general partners by providing capital to build out asset management and impact capabilities through permanent equity ownership (Sustainable Investors Fund, LP, the "SIF Fund"). The general partner of the SIF Fund is SIF Partners, LLC, a relying adviser of Capricorn. The principals of SIF are Ion Yadigaroglu, William Orum, Michaela Edwards and Eric Techel. Conflicts relating to SIF are discussed in **Item 10** and **Item 11B** below.

### **Employee Funds**

Qualifying officers and employees of Capricorn have made investments in vehicles which have invested alongside Capricorn clients (the "Employee IHP Funds"). One such fund, of which Capricorn serves as general partner, is not accepting additional capital nor is it making new investments. The other fund is managed by the managing principal of Capricorn. Neither fund pays management fees or makes an incentive allocation to Capricorn.

Capricorn may in the future create additional vehicles to invest along-side one or more Capricorn clients.

For a discussion of the potential conflicts of interest facing Capricorn in its management of the Discretionary Client Program, the Discretionary and Non-Discretionary Legacy Client Program and the Employee IHP Funds, see **Item 10** and **Item 11B** of this ADV Part 2A below.

**C. Tailoring of Advisory Services**

Capricorn does not tailor its investment advisory services to the investors in the private funds it advises (collectively, the “Funds” and individually, a “Fund”). However, investors in the Funds may negotiate certain terms of their investment prior to the time of investment. Investors in the Funds generally may not impose restrictions on the types of securities that the Funds invest in.

Capricorn has tailored its advisory services for its high-net worth, charitable foundation clients, and other clients who invest through investment vehicles other than the private funds.

Further, Capricorn works with its Discretionary Clients to develop an asset allocation strategy for each Discretionary Client and this asset allocation serves as one of the focal points of the Discretionary Client Program.

Clients in the Discretionary and Non-Discretionary Legacy Client Program may impose restrictions on investing in certain securities or types of securities.

**D. Wrap Fee Programs**

Not applicable to Capricorn. Capricorn does not participate in wrap fee programs.

**E. Assets Under Management**

As of December 31, 2018, Capricorn managed \$2,074,512,875.14 on a discretionary basis and \$2,467,756,957.09 on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

### A. Compensation and Fee Schedule

Detailed information with respect to how Capricorn is compensated for the advisory services it provides is contained in the operative governing documents and/or advisory contracts for the clients. Generally, Capricorn is compensated by the receipt of management fees and certain performance-based allocations, also described in Item 6 below. Prospective investors should carefully review the operative documents for the relevant investing vehicle prior to making an investment and/or retaining Capricorn as an investment adviser.

It should be noted that certain advisory fees are negotiable in that Capricorn has waived (in whole or in part) the fees paid by certain clients and investors in the Funds and may enter into different fee agreements with different clients or investors, including employees and affiliates of Capricorn, in its discretion.

Capricorn has in certain circumstances invested Discretionary Client assets in affiliated private investment funds or in private funds for which Capricorn retains certain economic interests. Under such circumstances, Capricorn's clients may be subject to two layers of fees for the management of these assets, one to Capricorn and one to the adviser of the vehicle, who may be Capricorn or a Capricorn affiliate. For a discussion of the conflicts of interest posed by such related party transactions, see **Item 10 and 11**.

Neither Capricorn nor its supervised persons accept compensation for the sales of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### B. Deduction of Fees

Capricorn deducts fees from its clients' assets. As applicable, Capricorn management fees are calculated and recorded in the last month of each calendar quarter, except for TIF, TIGF and SIF which calculates and records fees at the beginning of the calendar quarter. With respect to certain clients Capricorn does not receive a management fee. Capricorn's incentive allocation, if applicable, is calculated and recorded annually. Other expenses are generally calculated and recorded as incurred.

### C. Fees and Expenses

#### Fees and Expenses of the Discretionary Client Program

Each IHP will bear all direct costs and expenses incurred in the holding, purchase, sale or exchange of any IHP investments (whether or not ultimately consummated), including, but not by way of limitation, organizational expenses, private placement fees, finder's fees, interest on borrowed money, real property or personal property taxes on investments, brokerage fees, legal fees, audit and accounting fees, taxes applicable on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, and all expenses incurred in connection with the registration of securities held by the IHP under applicable securities laws or regulations. Each IHP will also bear all expenses incurred by Capricorn (or an affiliate) in serving as the tax matters partner, the cost of liability and other insurance premiums for each IHP, Capricorn (or an affiliate) and Capricorn's employees, officers, managers and directors, all out-of-pocket expenses of



preparing and distributing reports, record-keeping fees and expenses, out-of-pocket costs associated with IHP meetings, all legal and accounting fees relating to each IHP and its activities, all costs and expenses arising out of each IHP's indemnification obligations, and all expenses that are not normal operating expenses incurred in connection with the management of each IHP. Each IHP will also bear all liquidation costs, fees, and expenses incurred by Capricorn (or an affiliate) in connection with the liquidation of the IHP at the end of the IHP's term, including but not limited to legal and accounting fees and expenses.

As each IHP will be required to cover brokerage-related expenses, please see **Item 12** below.

The AIP Fund will bear all direct costs and expenses incurred in the holding, purchase, sale or exchange of any investments (whether or not ultimately consummated), including, but not by way of limitation, organizational expenses, private placement fees, finder's fees, interest on borrowed money, real property or personal property taxes on investments, brokerage fees, legal fees, audit and accounting fees, taxes applicable on account of its operations, fees incurred in connection with the maintenance of bank or custodian accounts, and all expenses incurred in connection with the registration of securities under applicable securities laws or regulations. The AIP Fund will also bear all expenses incurred by Capricorn (or an affiliate) in serving as the tax matters partner, the cost of liability and other insurance premiums for the AIP Fund, Capricorn (or an affiliate) and Capricorn's employees, officers, managers and directors, all out-of-pocket expenses of preparing and distributing reports, record-keeping fees and expenses, out-of-pocket costs associated with AIP Fund meetings, all legal and accounting fees relating to the AIP Fund and its activities, all costs and expenses arising out of the AIP Fund's indemnification obligations, and all expenses that are not normal operating expenses incurred in connection with the management of the AIP Fund. The AIP Fund will also bear all liquidation costs, fees, and expenses incurred by Capricorn (or an affiliate) in connection with the liquidation of the AIP Fund at the end of the AIP Fund's term, including but not limited to legal and accounting fees and expenses.

The AIP Fund does not anticipate incurring brokerage-related expenses, please see **Item 12** below.

### **LIBRA**

Investors in the LIBRA Fund pay an advisory fee to the LIBRA Fund general partner. Additionally, an incentive fee is accrued and paid to the LIBRA Fund general partner in accordance with the governing documents of the LIBRA Fund. In general, the LIBRA Fund is responsible for all expenses and fees related to an investment including, without limitation, expenses related to (i) the purchase, management and sale of the investment, including the cost of a third party administrator, third party valuation experts and consultants, and related travel, lodging and meal expenses (as further detailed in the fund documents), (ii) brokerage fees, commissions, private placement fees and finder's fees, (iii) the registration of securities acquired by the fund, (iv) the resolution of claims or disputes involving investments and (v) transaction expenses. In addition the fund is responsible for its operating expenses including, but not limited to (i) those incurred in connection with the formation, organization, operation and dissolution of the fund, including the legal fees, accounting fees and expenses related to reporting to the investors, (ii) custodial fees, (iii) audit and tax expenses, including third party valuations, (iv) the cost of directors and officers, professional liability and other similar insurance premiums, (v)

securities law and legal compliance (vi) indemnification (vii) meetings of the investors, (viii) taxes or other governmental charges, (ix) expenses of acting as tax matters partner and (x) any expenses indicated as allocated to the fund in the annual budget.

LIBRA does not anticipate incurring brokerage-related expenses, please see **Item 12** below.

### **TIF**

Investors in the TIF Fund pay an advisory fee to the TIF Fund general partner. Additionally, an incentive fee is accrued and paid to the TIF Fund general partner in accordance with the governing documents of the TIF Fund. Generally, the TIF Fund is responsible for costs, fees and expenses in connection with the formation, organization, operation and dissolution of the fund, its portion of the costs and expenses incurred in connection with the investments of the respective fund including, but not limited to, private placement fees, finder's fees, interest on borrowed money, certain taxes, brokerage fees or commissions, legal fees, audit, consulting and accounting fees, custodial fees, all expenses related to the registration of the relevant fund's portfolio securities under applicable securities laws or regulations, and travel expenses (as further detailed, and limited, in the fund documents). The relevant fund will also bear its portion of the operating expenses incurred by TIF including but not limited to insurance premiums for protecting the relevant fund, the general partners, TIF, certain affiliates and its employees from liability, costs of reports and communications to the limited partners (including annual meetings and advisory committee meetings), all legal and accounting fees relating to the respective fund and its activities, and all costs and expenses arising out of the fund's indemnification obligation.

TIF does not anticipate incurring brokerage-related expenses, please see **Item 12** below.

### **TIGF**

Investors in the TIGF Fund pay an advisory fee to the TIGF Fund general partner. Additionally, an incentive fee is accrued and paid to the TIGF Fund general partner in accordance with the governing documents of the TIGF Fund. Generally, the TIGF Fund is responsible for costs, fees and expenses in connection with the formation, organization, operation and dissolution of the fund, its portion of the costs and expenses incurred in connection with the investments of the respective fund including, but not limited to, private placement fees, finder's fees, interest on borrowed money, certain taxes, brokerage fees or commissions, legal fees, audit, consulting and accounting fees, custodial fees, all expenses related to the registration of the relevant fund's portfolio securities under applicable securities laws or regulations, and travel expenses (as further detailed, and limited, in the fund documents). The relevant fund will also bear its portion of the operating expenses incurred by TIGF including but not limited to insurance premiums for protecting the relevant fund, the general partners, TIGF, certain affiliates and its employees from liability, costs of reports and communications to the limited partners, all legal and accounting fees relating to the respective fund and its activities, and all costs and expenses arising out of the fund's indemnification obligation.

TIGF does not anticipate incurring brokerage-related expenses, please see **Item 12** below.

### **SIF**

Investors in the SIF Fund pay an advisory fee to the SIF Fund general partner. Additionally, an incentive fee is accrued and paid to the SIF Fund general partner in accordance with the governing documents of the SIF Fund. Generally, the SIF Fund is responsible for costs, fees and expenses in connection with the formation, organization, operation and dissolution of the fund, its portion of the costs and expenses incurred in connection with the investments of the respective fund including, but not limited to, private placement fees, finder's fees, interest on borrowed money, certain taxes, brokerage fees or commissions, legal fees, audit, consulting and accounting fees, custodial fees, all expenses related to the registration of the relevant fund's portfolio securities under applicable securities laws or regulations, and travel expenses (as further detailed, and limited, in the fund documents). The relevant fund will also bear its portion of the operating expenses incurred by SIF including but not limited to insurance premiums for protecting the relevant fund, the general partners, SIF, certain affiliates and its employees from liability, costs of reports and communications to the limited partners, all legal and accounting fees relating to the respective fund and its activities, and all costs and expenses arising out of the fund's indemnification obligation.

SIF does not anticipate incurring brokerage-related expenses, please see **Item 12** below.

#### Ancillary Fees and Management Fee Offsets

As described in greater detail in the applicable Fund's governing documents, Capricorn, certain affiliates and its employees may receive break-up and topping fees, commitment fees, monitoring and directors' fees and transaction, financing, divestment and other fees from portfolio companies as compensation for financial advisory and other services such persons provide to portfolio companies. If Capricorn (and/or any affiliate or employee) is paid such fees, such fees will be directly or indirectly offset against the management fees payable by the applicable Fund to the extent required by such Fund's governing documents. For additional details regarding the management fee offset arrangements in effect for of a particular Fund, please review such Fund's governing documents. These fees, and the associated conflicts of interest they present, are further described in Item 11 below.

#### **D. Prepayment of Fees**

With respect to the clients in the Discretionary and Non-Discretionary Legacy Client Program, a portion of the fees are paid in advance and if an advisory contract is terminated before the end of a billing period, the amount of the fee paid in advance will be pro-rated and rebated.

With respect to clients in the Discretionary Client Program, fees are paid in arrears with the exception of any fees arising from investment in LIBRA, TIF, TIGF and SIF which are discussed below.

With respect to the LIBRA Fund, operating expenses are paid as incurred. Typically limited partners cannot withdraw from the LIBRA Fund prior to the termination of the LIBRA Fund. Accordingly, such limited partners would not be entitled to a refund.

With respect to TIF Fund, TIGF Fund and SIF Fund, the management fee is paid quarterly in advance. Typically limited partners cannot withdraw from the TIF Fund, the TIGF Fund or the SIF Fund prior to the termination of such fund. Accordingly, such limited partners would not be entitled to a refund.

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

The fact that Capricorn is eligible to receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Capricorn to make more speculative investments than it might otherwise make. Such performance-based compensation arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. It should be noted that investors are provided with clear disclosure as to the risks associated with the payment of such performance-based compensation.

Capricorn (or an affiliate) will receive performance-based compensation from certain clients, but not from others. In addition, the amount of performance-based compensation that Capricorn is entitled to receive varies from client to client. Each of these creates a potential conflict of interest in that it may create an incentive for Capricorn to direct more profitable investment ideas to, or allocate trades in a manner that favors, those clients and investors that pay a performance fee or allocation. In order to manage such potential conflicts, the client portfolios are under continuous review by the key individuals of the firm (as described in **Item 13A**). In an effort to mitigate this inherent conflict of interest, Capricorn has implemented a detailed allocation policy and Capricorn regularly reviews its trade allocations to seek to confirm that investments are allocated among its clients on what Capricorn deems to be an equitable basis. Capricorn, to the extent within its control, will act in a manner that it believes over the long term is fair and equitable to all its clients.

There are other significant risks related to the management of multiple client accounts, please see the response to **Item 11** for a description of some of those risks.

## **ITEM 7 – TYPES OF CLIENTS**

As described in **Item 4B**, Capricorn (as of the date of this ADV Part 2A) provides investment advisory services to pooled investment vehicles, high net-worth individuals, trust accounts and charitable organizations. Clients of Capricorn must be sophisticated in financial matters and be qualified purchasers as defined in Section 2(a)(51) of the Investment Company Act of 1940. Capricorn does not impose a minimum account size for client accounts.

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

### A. Method of Analysis and Investment Strategies

#### Discretionary Client Program and the Discretionary and Non-Discretionary Legacy Client Program

The following relates primarily to the discretionary investing activities engaged in by Capricorn. The method of analysis and investment strategies used in formulating advice for Capricorn's Discretionary Client Program and the Discretionary and Non-Discretionary Legacy Client Program are the same, but the decision whether an investment is actually made is determined by the clients of the Non-Discretionary Legacy Client Program.

Capricorn's principal objective in managing client assets is to construct and manage an investment portfolio oriented toward long-term capital appreciation. The basic elements underpinning this objective include the following:

- Developing, in conjunction with the client, a strategic asset allocation strategy for the client which will guide the client's allocations among a variety of asset classes and investment strategies;
- Integration of environment, social and governance (ESG) factors in developing clients' investment portfolios;
- Implementing the client's asset allocation strategy by constructing and actively managing a portfolio of investments across one or more asset classes;
- Constructing and actively managing a portfolio for each IHP that is expected to be generally consistent with such IHP's investment objectives.

Capricorn employs a scenario-based model to determine the appropriate long-term strategic asset allocation for each client. This approach also incorporates the risk, return, and liquidity parameters of the client, as well as Capricorn's subjective investment perspectives on future opportunities. It is important to note that the asset allocation strategies are long-term targets and not expected, due to the time required for investment ramp-up, asset valuation volatility, the natural flows of capital and other factors, to be fixed or static at the target levels. Rather, these strategic targets will function as objectives guiding the overall portfolio exposures. Capricorn's investment strategy provides diversified exposure to the following asset classes. Capricorn expects to modify this list of investment strategies as necessary from time to time.

- Cash
- Fixed income
- Absolute return
- Global public equities
- Private equity & venture capital
- Real Assets
- Distressed Credit
- Hard assets (e.g. gold)

## **Selection of Underlying Investments**

Capricorn will conduct sourcing, due diligence, and selection of the Underlying Investments, and will monitor and manage such selections across asset classes on an ongoing basis. The ultimate number of Underlying Investments will be determined in the discretion of Capricorn. Capricorn will seek to have an adequate level of diversification among the Underlying Investments while maintaining enough concentration to achieve the client's investment objectives. The objective of the investment analysis process is to select a set of investments that assist in meeting the overall investment objective of long-term capital growth.

Capricorn intends to follow a comprehensive investment selection process. In general, the selection process begins by assessing a wide variety of investment funds and opportunities across the various investment strategies. A high number of investments are rejected at an initial high-level review if they do not meet Capricorn's quality standards or the prevailing strategic framework. Investment opportunities that are deemed a potential fit with the investment objectives are then subject to a due diligence and review process during which additional research is performed on the investment opportunity. Many investment opportunities are rejected at this stage and do not proceed past the comprehensive due diligence process. Investment opportunities that are not rejected move to a final phase of due diligence, which is the final step toward investment. The objective of the investment analysis process is to select a set of investments that assist in meeting the overall investment objective of long-term capital growth.

## **Risk Management**

Capricorn intends to follow a rigorous program to seek to manage investment risks. Overall, managing risks in an investment portfolio begins with a quality sourcing, due diligence and selection process with the objective of having a diversified portfolio of Underlying Investments. Once investments are executed, Capricorn uses a series of portfolio reporting and management systems and tools to track investments against expectations and reviews a range of return and risk analyses on a regular basis. As part of the risk management process, Capricorn monitors allocations across the Underlying Investments, and allocations across other categories including geographies and industries. A series of regular internal reports are provided by the Operations team and reviewed frequently by the Portfolio Management team. Capricorn seeks regular interactions with representatives from Underlying Investments, which include in-person meetings and teleconferences.

## **LIBRA**

LIBRA's focus area is early to expansion stage energy technology, IT, agriculture, and emerging markets.

## **TIF**

TIF's focus area is early to expansion stage companies operating within the technology sector.

## **TIGF**

TIGF's focus area is growth stage companies operating within the technology sector.

## **SIF**

SIF's focus area is early stage investment and ownership in public and private asset managers who incorporate sustainability as a primary attribute of its investment thesis.

**B. Risk Factors**

Capricorn is of the view that all of the investment strategies used by Capricorn are subject to significant risks and are meant for financially sophisticated clients and investors. These risks include the risk of total loss as well as risks related to making illiquid investments. Clients should not retain Capricorn as an investment adviser unless they are able to bear these risks and are able to sustain long periods of illiquidity with respect to the investments made by Capricorn and in funds managed by Capricorn.

As noted above, Discretionary Clients of Capricorn presently access Capricorn's investment strategies through an investment in an IHP, through an investment in the AIP Fund, through the private funds and other investment vehicles that comprise LIBRA, TIF, TIGF and SIF or, in the case of clients in the Discretionary Legacy Client Program, by investing directly in Underlying Investments. A significant portion of these investments, and the investments of LIBRA, TIF, TIGF and SIF, tend to be with privately-placed vehicles with significant liquidity constraints. Clients need to be ready to bear their investments for an extended period of time.

The investment decisions of the Capricorn-managed private funds are made exclusively by Capricorn. Investors will have no right or power to take part in the management of the Capricorn-managed funds. Capricorn's operations are substantially dependent upon the skill, judgment, and expertise of certain key personnel and its employees or agents. The death, disability, departure, or other unavailability of any key personnel could have a material and adverse effect on the advisory clients managed by Capricorn.

Capricorn and its respective affiliates may encounter potential conflicts of interest in connection with advisory client interests, assets or activities (including certain conflicts of interest as among the interests of different private fund vehicles). If any matter arises that Capricorn determines in its good faith judgment constitutes an actual conflict of interest, Capricorn will take such actions as may be necessary or appropriate to ameliorate the conflict.

Capricorn, its service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the advisory clients and investors, despite the efforts of Capricorn and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and its Investors. For example, unauthorized third-parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Capricorn, its service providers, counterparties or data within these systems. Third-parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Capricorn's systems to disclose sensitive information in order to gain access to Capricorn's data or that of Capricorn's advisory clients and investors. A successful penetration or circumvention of the security of Capricorn's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the advisory clients, Capricorn, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.



Capricorn and its Advisory Clients generally rely on information technology systems for current and planned operations. Capricorn's information and technology systems may be vulnerable to damage and interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Capricorn or Advisory Client(s) may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect an Advisory Client's investment results and its ability to make distributions to its partners. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Capricorn's and/or Advisory Clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Capricorn or Advisory Clients' reputation, subject them to legal claims and otherwise affect their business and financial performance.

All clients in Capricorn's Discretionary Client Program, LIBRA, TIF, TIGF, and SIF are provided with very detailed risk disclosures in the offering documents provided to such clients prior to making an investment with Capricorn. The offering documents provided to Capricorn's Discretionary Client Program, LIBRA, TIF, TIGF, and SIF contain details related to liquidity terms. Those risk disclosures, as applicable, and liquidity terms should be carefully reviewed prior to making an investment to be managed by Capricorn. If you have any further questions about this, please contact Capricorn's Chief Compliance Officer. Please refer to the offering documents for a more fulsome discussion of risk factors inherent in Capricorn's investment strategies.

**C. Recommendations of Specific Securities**

See Items 8.A and 8.B.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Capricorn has experienced no legal or disciplinary events that are material to a client's or prospective client's evaluation of Capricorn or the integrity of its management.

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

### **A. Broker-Dealer Registration**

Not applicable. Capricorn and its management persons are not registered and do not have an application pending to register as a broker-dealer, or as a registered representative of a broker-dealer.

### **B. Futures Commissions Merchant, Commodity Pool Operator, Commodity Trading Advisor Registration**

Capricorn and its management persons are not registered and do not have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **C. Material Relationships**

#### **Relying Advisers**

As discussed in **Item 4** Capricorn has four relying advisers. Capricorn manages any potential conflict of interest by ensuring that each relying adviser and its supervised persons are subject to the Capricorn compliance program and Code of Ethics.

- 1. Capricorn Advisers, LLC:** Capricorn has entered into services agreements with a wholly-owned subsidiary, Capricorn Advisers, pursuant to which it will provide investment advice to Capricorn. Certain employees of Capricorn Advisers are officers and/or members of Capricorn.
- 2. Capricorn Management, LLC:** Capricorn provides certain non-discretionary investment advisory services to the Individual Client pursuant to the Advisory Agreement and is wholly-owned by the Individual Client. Capricorn is 50% owned by an entity that itself is wholly-owned by a trust under the control of the Individual Client. The wholly-owned entity holds 50% of the voting authority of Capricorn.
- 3. LIBRA Fund:** The general partner of the LIBRA Fund is a relying adviser of Capricorn and Capricorn acts as an investment adviser to the LIBRA Fund. Please see additional disclosure regarding conflicts of interest in **Item 10D and 11B**.
- 4. TIF Fund:** The general partner of the TIF Fund is a relying adviser of Capricorn and Capricorn acts as an investment adviser to the TIF Fund. Please see additional disclosure regarding conflicts of interest in **Item 10D and 11B**.
- 5. TIGF Fund:** The general partner of the TIGF Fund is a relying adviser of Capricorn and Capricorn acts as an investment adviser to the TIGF Fund. Please see additional disclosure regarding conflicts of interest in **Item 10D and 11B**.
- 6. SIF Fund:** The general partner of the SIF Fund is a relying adviser of Capricorn and Capricorn acts as an investment adviser to the SIF Fund. Please see additional disclosure regarding conflicts of interest in **Item 10D and 11B**.

### **Strategic Relationships**

Capricorn has formed certain strategic relationships with third party investment managers to private funds whereby Capricorn, its affiliates and/or Advisory Clients receive a share of the management fee and incentive allocation payable to the manager of the private fund (“Third-Party Managers”). Such advisers may or may not be registered with the SEC as investment advisers. In some cases Capricorn, its affiliates and/or an Advisory Client has acquired an interest in such Third-Party Managers. Additionally, Capricorn personnel may hold a limited partner interest in a vehicle managed by such Third-Party Managers. From time to time, in connection with such strategic relationships, Capricorn may provide strategic advice, or support services to a Third-Party Manager and/or any investment vehicles it manages.

This poses a potential conflict of interest in that Capricorn may spend a portion of its business time providing such advice or support services. In addition, the investment vehicles managed by the Third-Party Managers may be in competition with Capricorn for investment opportunities. It should be noted that certain of the clients share in the revenues generated in connection with these relationships and therefore Capricorn’s interests are aligned with its clients’ interests. Capricorn manages this conflict of interest by disclosing such relationship to clients, through adherence with its allocation policy, and by ensuring that all Access Persons adhere to the Capricorn Code of Ethics. Please see **Item 10D and Item 11B** below for further discussion regarding conflicts of interests related to recommending clients to invest in the funds or vehicles managed by Third-Party Managers.

#### **D. Selection of Third-Party Managers and Other Compensation**

As noted throughout this **Item 10** Capricorn, its Advisory Clients, and Capricorn affiliates have relationships with Third-Party Managers, and their respective investment vehicles that could present potential or actual conflicts of interest.

Capricorn may recommend that its clients invest in funds or vehicles managed by Third-Party Managers. Capricorn and its affiliates may have a conflict of interest recommending Third-Party Managers to clients in that Capricorn, its affiliates and Capricorn Advisory Clients may have a financial interest (including but not limited to receipt of management fees, or incentive fees) that could create an incentive for Capricorn to recommend investments in Third-Party Managers over other, more suitable investments from which no such supplemental financial benefit is derived. Capricorn mitigates such potential conflicts through disclosure to clients, and adherence to its allocation policy and Code of Ethics.

Capricorn clients may be subject to additional layers of asset-based fees and performance-based fees or allocations in respect of investments managed by Third-Party Managers.

#### **E. Other Outside Activities**

Principals, employees and consultants (together “access persons”) of Capricorn and the relying advisers may engage in outside activities unrelated to Capricorn or the relying advisers. While the amount of time spent by access persons on such activities may vary, such activities could be viewed as competing with the time needed in fulfilling fiduciary obligations to clients of Capricorn and/or the relying advisers. Capricorn manages this conflict of interest by ensuring that access persons adhere to the Capricorn Code of Ethics.

Ion Yadigaroglu acts as manager of an investment vehicle in which certain officers, employees, and friends of Capricorn hold a passive economic interest. While the vehicle is not managed by Capricorn, actual or potential conflicts of interest could result in that this vehicle may compete with Capricorn clients in obtaining an allocation in future investment opportunities. Capricorn manages this conflict of interest by ensuring that Ion adheres to the Capricorn Code of Ethics.

If you have any questions about these conflicts, please contact Capricorn's Chief Compliance Officer.

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

### A. Code of Ethics

Capricorn and its relying advisers have jointly adopted a Code of Ethics (“**Code of Ethics**”) that sets forth the standards of conduct expected of its officers, managers and employees. The Code of Ethics requires each entity’s personnel to report their personal securities holdings and transactions and requires the Chief Compliance Officer to pre-approve certain investments. Capricorn is required to keep copies of the Code of Ethics and records relating to the Code of Ethics. Capricorn personnel are required to submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code of Ethics. In addition, personnel are required to submit quarterly transaction reports (or brokerage statements in lieu of such reports) that detail the individual’s securities transactions for the quarter.

All employees, managers and officers of Capricorn must comply with the Code of Ethics. The Code of Ethics states that personnel owe a duty of loyalty to Capricorn’s clients, requiring personnel to act for the best interests of the clients. In addition, personnel must avoid actions or activities that allow (or appear to allow) them or their family members to profit or benefit from their relationships with Capricorn, its affiliates, and its clients. The Code of Ethics also contains policies involving the safeguarding of proprietary and non-public information by Capricorn’s personnel along with restrictions on the use of insider information and the use of non-public information regarding a client.

The Chief Compliance Officer is required to report issues that arise under the Code of Ethics with respect to Capricorn to Capricorn’s Board of Directors at least annually.

Capricorn will provide a copy of its Code of Ethics to any investor or prospective investor upon request.

### B. Conflicts of Interest Related to Recommendations to Clients

As noted elsewhere in the Form ADV Part 2A, clients invest in legal entities where Capricorn or an affiliate acts as general partner or investment manager or where Capricorn has another material financial interest. Technically, these are securities in which Capricorn has a material financial interest.

As discussed in **Item 10D**, Capricorn may recommend that its clients invest in funds or vehicles managed by Third-Party Managers. Capricorn and its affiliates may have a conflict of interest recommending Third-Party Managers to clients in that Capricorn, its affiliates and Capricorn Advisory Clients may have a financial interest (including but not limited to receipt of management fees, or incentive fees) that could create an incentive for Capricorn to recommend investments in Third-Party Managers over other, more suitable investments from which no such supplemental financial benefit is derived. Capricorn mitigates such potential conflicts through disclosure to clients, and adherence to its allocation policy and Code of Ethics.

Capricorn clients may be subject to additional layers of asset-based fees and performance-based fees or allocations in respect of investments managed by Third-Party Managers.

As described in **Item 5** above, Capricorn (or an affiliate or employee) may receive certain advisory fees, director’s fees, break-up fees or other ancillary fees in connection with portfolio investments

of the advisory clients as compensation for financial advisory and/or other services provided by such persons to the portfolio companies. Payment of such fees may create a conflict of interest because it could create an incentive for Capricorn (or an affiliate or employee) to choose portfolio investments for an advisory client based on whether the target portfolio companies will pay Capricorn (or an employee or affiliate) such ancillary fees as opposed to choosing portfolio investments on the basis of which target portfolio companies may be most suitable for an advisory client (based on its investment objectives, strategies and other appropriate factors). Capricorn will typically mitigate such potential conflicts of interest by directly or indirectly off-setting a portion or all of the transaction fees received by Capricorn (or an affiliate or employee) against the management fees payable by the advisory clients. For specific details regarding such fees and the management fee offset mechanism in effect for a particular advisory client, please refer to the advisory client's governing documents. Capricorn further mitigates this conflict of interest by negotiating such fees at arm's length with such portfolio company and generally seeking to ensure that such fees are, in the good faith opinion of Capricorn, in accordance with prevailing market rates in the relevant industry. Capricorn does not take into consideration whether a portfolio company will pay Capricorn or its affiliate a services fee when making an investment determination.

Capricorn occasionally recommends the purchase or sale of securities or other investment products to clients, in which Capricorn, its clients, its affiliates or other related persons have a financial interest as the investment manager, general partner, director, officer, trustee or as a co-investor. The financial interests of Capricorn or its related persons may create a conflict between the economic interests of these related persons and the interests of Capricorn's clients.

Capricorn mitigates the above conflicts by providing disclosure to Capricorn clients about such affiliations and compensation, strict adherence to its allocation policy, and adherence to the Code of Ethics.

In addition, officers and employees of Capricorn have invested in the Employee IHP Funds. The Employee IHP Funds have invested in the AIP Fund, in addition to investing directly alongside one or more Capricorn clients. The Employee IHP Funds will not pay management fees or make an incentive allocation to Capricorn. The Employee IHP Funds' allocation among the AIP Fund, or when investing directly, may deviate substantially from the allocations of other IHP clients or other Capricorn clients. Investments by the Employee IHP Funds may present additional conflicts of interest that are not apparent at this time.

As noted above, the Individual Client (through a trust and a limited liability company under his control) is a significant owner of Capricorn. The Individual Client is the sole member of Capricorn Management, the entity ultimately responsible for approving investments on behalf of the Individual Client recommended by Capricorn. As discussed below, Capricorn's relationship with the Individual Client raises potential conflicts of interest with respect to the investments made by the Individual Client in the same securities invested in by clients of Capricorn. Capricorn mitigates the above conflicts by providing disclosure to Capricorn clients about such affiliations.

Because of differing investment objectives, portfolio size or other factors, Capricorn may recommend that the Individual Client take investment positions different from those taken by the Discretionary Clients including positions contrary to those held by the Discretionary Clients or senior or junior to those held by the Discretionary Clients. To the extent that the Discretionary Clients hold interests that are different (or more senior or junior) than those held by the Individual Client, Capricorn may be presented with decisions involving circumstances where the interests of the Individual Client are in conflict with those of the Discretionary Clients, including with respect

to the operation of a portfolio company, the targeted returns for the investment and the timeframe for and method of exiting the investment. Furthermore, it is possible that (in a bankruptcy proceeding or otherwise) the Discretionary Clients' interests may be subordinated or otherwise adversely affected by virtue of such other vehicle's involvement and actions relating to its investment. For example, a debt holder of a company may be better served by the company's liquidation, in which case it may be paid in full, whereas the Discretionary Client may hold equity and prefer a reorganization that could create value for the Discretionary Client and other equity holders.

Capricorn faces conflicts in determining whether and to what extent investment opportunities should be allocated between the Discretionary Clients and the Individual Client. Allocations may be subject to a significant degree of discretion exercised by Capricorn, including in connection with re-balancings, investing in new, different or additional investment strategies. Even allocations designed to mitigate conflicts do not eliminate the possibility that an allocation of assets will not adversely affect the Discretionary Clients.

Capricorn's management of the Discretionary Clients may benefit the Individual Client. For example, to the extent permitted by applicable law, the Discretionary Clients may invest in the securities of companies in which the Individual Client has an equity, debt or other interest. The purchase, holding, and sale of such investments by the Discretionary Clients may enhance the profitability of the Individual Client's investments in and activities with respect to such companies. The trading activities of the Individual Client, which will be carried out generally without reference to positions held by the Discretionary Clients, may have an effect on the value of the positions so held or may result in the Individual Client having an interest in an issuer adverse to that of the Discretionary Clients. To the extent permitted by applicable law, the Discretionary Clients may invest, directly or indirectly, in investment entities in which the Individual Client has or subsequently makes an investment.

The Individual Client may make portfolio investments even if doing so would reduce the size of the Discretionary Clients' investment or prevent the Discretionary Clients from investing. Capricorn will allocate investment opportunities in its sole discretion and is not under any obligation to share any investment opportunity, idea or strategy with the Discretionary Clients, and may allocate a favorable investment opportunity to the Individual Client, or may allocate such investment opportunity to the Discretionary Clients only on different terms. In making an allocation, the investment objective of the Discretionary Clients may not be the dispositive factor; rather, Capricorn may consider, among other considerations, the available capital, risk tolerance and investment objectives and guidelines of each potential investor, the size of the portfolio investment, legal, tax and regulatory considerations, the availability of other investment opportunities and client relationships. Methods of allocating investment opportunities may change over time.

The Discretionary Clients may invest in opportunities that have been declined by the Individual Client. Subject to applicable law, the Individual Client, Capricorn or their respective affiliates are not prohibited from, without limitation: (i) investing in Underlying Funds, portfolio companies or other principal investments for its own account or the account of third parties, (ii) engaging in transactions in connection with a decision by the Individual Client or Capricorn to enter into a new strategic business or businesses, (iii) from receiving fees or other compensation of any kind from any activity, including, without limitation, activities in which the interests of the Discretionary Clients may be different from or adverse to the interests of the Individual Client or third parties and (iv) from forming other investment vehicles.



The Discretionary Clients, on one hand, and the Individual Client, on the other hand, may compete with each other in identifying and making investments. In this regard, the Individual Client may have certain competitive advantages, including having more capital than the Discretionary Clients. As a result, the Discretionary Clients may be unable to make an investment or may pay a higher price for, or may agree to less favorable terms regarding, an investment.

It should also be noted that just because an actual or potential conflict exists does not mean that Capricorn or the members, officers, directors and employees of Capricorn (including the Investment Team) will intentionally or inadvertently exploit such conflict to the detriment of any client or that any losses suffered by one client, but not another, are necessarily attributable to a conflict of interest. Capricorn mitigates the above conflicts by providing disclosure to Capricorn clients about such affiliations and compensation, strict adherence to its allocation policy, and adherence to the Code of Ethics.

## ITEM 12 – BROKERAGE PRACTICES

### A. Brokerage

#### 1. Research & Soft Dollar Benefits

From time to time an investment to be made by Capricorn clients requires the services of a broker-dealer to execute the transaction. Under these circumstances, in arranging for the execution of portfolio transactions on behalf of a client, Capricorn seeks to obtain best execution. “Best execution” refers to the duty to seek the best overall qualitative execution for a client in a particular circumstance. “Best execution” is not synonymous with lowest brokerage commission. Consequently, it should clearly be noted that in a particular transaction the client may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction. As an example, a commission in excess of what another broker would charge for a certain transaction may be paid by a client in recognition of research services provided to Capricorn by the broker.

Any use by Capricorn of soft dollars with respect to its client’s trades will comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. It should be noted, however, that if Capricorn engages in such trades, Capricorn has an incentive to do so in light of the research services provided by such broker-dealers. A client may pay a broker a commission in excess of that which another broker might have charged for effecting the same transactions, in recognition of research services that may be provided by such broker.

Generally, Capricorn plans to use a specific broker to execute portfolio transactions, when necessary, on behalf of a client. This broker provides certain investment services to the Individual Client, and has traditionally executed any trades required in connection with the Individual Client’s investments. Capricorn believes that this broker provides Capricorn’s clients with best execution. Capricorn will, however, periodically assess whether the broker provides best execution on behalf of a client. In assessing best execution, Capricorn considers, among other things, all or some of the following factors: (i) the broker’s execution capability, (ii) the commission rate charged by the broker, (iii) a broker’s past history of successful, prompt and reliable execution of client trades, and (iv) the financial strength and stability of the broker. Additional information regarding Capricorn’s brokerage arrangements will be provided to an investor in an IHP or other client upon request.

With respect to LIBRA, TIF, TIGF, SIF and many of the Capricorn clients, the private company securities, which are the primary investments of the clients, are generally purchased in private placement transactions, without the assistance of a broker-dealer and without the payment of brokerage commissions or dealer mark-ups.

#### 2. Brokerage for Client Referrals

As noted above, on certain occasions an investment by a Capricorn client will require that Capricorn select a broker-dealer to execute a transaction. Although not presently done, Capricorn reserves the right in the future to select broker-dealers based upon Capricorn’s interest in receiving client referrals as opposed to simply seeking the most favorable execution (although Capricorn would still seek to obtain overall best execution).

**3.     Directed Brokerage**

Capricorn does not participate in directed brokerage arrangements. However, as noted above Capricorn typically utilizes a specific broker to execute portfolio transactions, when necessary, on behalf of a client.

**B.     Aggregated Purchase or Sales of Securities**

Capricorn does not generally aggregate the purchase or sale of securities for various client accounts. At the present, the majority of the securities purchased for client accounts are interests in underlying funds and other private securities and Capricorn will not aggregate orders for investments in such funds as it is not permitted and would not provide any benefits to its clients.

Please also see the conflicts noted in response to **Item 11** above.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Review of Client Accounts**

Capricorn monitors and reviews investor accounts on a periodic basis. The frequency of investor account reviews and reports varies by metric. Reviews and reports are prepared by Capricorn's Portfolio Management and Business Operations teams.

Asset allocations, exposure levels and upcoming trades are generally reviewed on a weekly basis for all investor accounts. Rebalancing trades are executed if deemed necessary.

On a monthly basis, fair market values and performance metrics are reviewed by the Business Operations team. After review, a portfolio summary and capital statement are distributed to each investor.

Several times a year, in-depth portfolio reviews, which include analyses pertaining to portfolio positioning, performance, attribution, risk, liquidity and other relevant metrics, are prepared by the Investment and Portfolio Management teams as a detailed update to and basis for discussion and planning with each investor.

The LIBRA, TIF, TIGF and SIF teams continually monitor the respective investment portfolios, and receive monthly, quarterly and/or annual financial and qualitative information from its portfolio companies. Each TIF, TIGF and SIF investor receives a capital account statement on a quarterly basis.

Upon request, Capricorn provides each investor with the information they need regarding their accounts. Additionally, Capricorn seeks to meet with each investor on an annual basis and perform an annual review of their overall portfolio.

### **B. Frequency of Reports**

IHPs are audited at the end of each fiscal year by an independent certified public accountant. Capricorn will deliver to each investor audited financial statements of its IHP, including an income statement for the year then ended, a balance sheet as of the end of such year and a statement of changes to such investor's capital account in its IHP. Such audited financial statements are to be delivered as promptly as practicable and in any event by the latter of (a) fifteen (15) days after receipt of the last audited report from the Partnership's underlying investments or (b) one hundred eighty (180) days after the close of the IHP's fiscal year. Capricorn will use its reasonable efforts to provide to each investor such other information related to the investor's IHP and its investments, as is reasonably requested by such investor.

Capricorn will furnish a Schedule K-1 to each investor as promptly as practicable after the close of the fiscal year. An Underlying Fund's delay in providing a Schedule K-1 or other required information could delay Capricorn's preparation of its information return and Schedule K-1's. Delivery of the relevant information by an Underlying Fund will be subject to delay in the event of the late receipt of any necessary tax information from an entity in which the Underlying Fund holds an interest.

Investors in the LIBRA Fund will receive annual audited financials. Schedule K-1's will be provided as soon as reasonably practicable after the end of the fiscal year of the LIBRA Funds.

Investors in TIF Fund will receive annual audited financials, as well as a quarterly position summary and capital statements. Schedule K-1's will be provided as soon as reasonably practicable after the end of the fiscal year of the TIF Fund.

Investors in TIGF Fund will receive annual audited financials, as well as a quarterly position summary and capital statements. Schedule K-1's will be provided as soon as reasonably practicable after the end of the fiscal year of the TIGF Fund.

Investors in SIF Fund will receive annual audited financials, as well as a quarterly position summary and capital statements. Schedule K-1's will be provided as soon as reasonably practicable after the end of the fiscal year of the SIF Fund.

As Capricorn cannot provide annual tax information until such information is received from the Underlying Funds, it is likely that, in any taxable year, annual tax information will not be provided by Capricorn until sometime after April 15. Consequently, it is anticipated that investors will need to apply for an extension of time to file tax returns.

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

Capricorn utilizes third parties (each a “Placement Agent”) for referral and placement services in the solicitation of clients and/or investors. One such Placement Agent is an entity in which Advisory Clients hold an indirect passive minority interest. Accordingly, Advisory Clients benefit from fees paid by Capricorn to such Placement Agent in connection with the referral and placement services provided by such Placement Agent. When Capricorn engages parties for any referral or solicitation activities, such activities will be conducted in a manner that is consistent with Rule 206(4)-3 under the Investment Advisers Act of 1940, if applicable, and relevant SEC guidance.

## **ITEM 15 – CUSTODY**

Capricorn is deemed to have custody of the assets of its clients (in its or its affiliates' role as the general partner or investment manager of those entities). It should be noted that Capricorn will maintain the cash assets of discretionary clients and securities directly invested in by Capricorn clients (other than privately offered securities) in custodial accounts with a "qualified custodian" pursuant to Rule 206(4) -2 under the Investment Advisers Act of 1940.

Quarterly account statements sent to investors in the Funds will be sent by Capricorn, not by any Qualified Custodian used by Capricorn. Investors in the Funds should carefully review those statements and compare those statements to the information contained in the audited financial statements prepared by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB").

Finally, it should also be noted that in satisfaction of the requirements of Advisers Act Rule 206(4)-2, Capricorn will ensure that all investors in each Fund are provided with GAAP compliant audited financial statements for that Fund within 120 or 180 days of the end of the applicable Fund's fiscal year.

As stated above, investors should carefully review those annual audited financial statements.

## ITEM 16 – INVESTMENT DISCRETION

As noted above, Capricorn has discretionary authority to manage securities accounts on behalf of its advisory clients in Capricorn's Discretionary Client Program, the Discretionary Legacy Client Program and the Funds. As noted elsewhere in this Form ADV Part 2A (in particular in **Item 8** above), the investment strategy of the IHPs and the Funds are set forth in detail in such IHP's and Funds' offering documents. Prospective investors are provided with an offering document prior to their investment and are encouraged to carefully review the offering document and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, prospective investors must execute a limited partnership agreement. The relying advisers have discretionary authority to manage their clients.



## **ITEM 17 – VOTING CLIENT SECURITIES**

Capricorn understands and appreciates the importance of proxy voting. To the extent that Capricorn has discretion to vote proxies on behalf of clients, Capricorn will vote any such proxies in the best interests of clients and in accordance with set compliance procedures.

Capricorn votes any proxies related to underlying funds and portfolio companies. For proxies pertaining to publically traded investments Capricorn utilizes a third party provider to vote such proxies.

Proxies pertaining to underlying funds and portfolio companies are often related to proposed term changes to be made by such underlying funds or portfolio companies. Prior to voting proxies of this nature Capricorn's Investment team and Chief Compliance Officer will determine if there are any conflicts of interest related to the underlying fund or portfolio company proxy in question. If a conflict is identified, the Investment team will then make a determination with the Chief Compliance Officer (which may be in consultation with the outside legal counsel or third party compliance consultants) as to whether the conflict is material or not. If no material conflict is identified pursuant to its procedures, the Investment team and Chief Compliance Officer will make a decision on how to vote the proxy.

LIBRA Fund, TIF Fund, TIGF Fund, and SIF Fund vote all proxies pertaining to their respective portfolio companies.

If you have any questions about Capricorn's proxy policy, its proxy record-keeping procedures or if you would like any further information about how proxies are voted, please contact the Chief Compliance Officer, Dawnae Dodds via email at [ddodds@capricornllc.com](mailto:ddodds@capricornllc.com).

## **ITEM 18 – FINANCIAL INFORMATION**

Capricorn does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Capricorn has discretionary authority and custody of client funds and securities. Capricorn is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

Capricorn has not been the subject of a bankruptcy petition at any time during the past ten years.