

## DISCLOSURE BROCHURE

---

# J.W. Asset Management, LLC

---

489 Fifth Avenue  
29th Floor  
New York, NY 10017  
212 446 5362

March 2019

This brochure provides information about the qualifications and business practices of J.W. Asset Management, LLC (“**J.W. Asset**”). If you have any questions about the contents of this brochure, please contact us at 212 446 5362. 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.

J.W. Asset is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about J.W. Asset is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a confidential offering memorandum and related subscription materials.

## Item 2-Material Changes

This Item discusses only specific material changes that are made to this Brochure and provides clients with a summary of such changes. The last annual update of our Brochure occurred in March 2018.

During 2018, J.W. Asset continued to identify and act upon multiple opportunities to invest in securities issued by certain Canadian companies, and certain companies located in other locations including the United States, in the business of cultivating and selling medical and adult-use marijuana or cannabis. These investments represent an example of J.W. Asset's general strategy of identifying high value, superior investment opportunities through diligent research and analysis. The success of those investments, now worth more than \$400 million, has caused cannabis-related investments to become a significantly larger percentage of the assets of the Funds (as defined below).

Based upon this success and the experience gained through investing in this sector, J.W. Asset intends to continue examining investment opportunities for companies in the business of cultivating and selling cannabis in Canada, the United States and other countries. These investment opportunities may include licensed suppliers of medical and adult-use marijuana and other cannabis or cannabis-related products. This brochure includes important new risk disclosures concerning such investments. In particular, this brochure describes risks associated with existing laws and regulations concerning medical and non-medical cannabis and potential changes to those laws and regulations. At all times, J.W. Asset intends to make investments in companies that have represented to J.W. Asset that they fully comply with all relevant laws and regulations concerning the cultivation and sale of cannabis products; with the proviso that certain activities in the United States by these companies, while fully compliant with State cannabis regulations, are currently subject to Federal laws that prohibit the sale and possession of cannabis products, as more fully discussed in Item 8 below.

Additionally, J.W. Asset continues to invest in securities issued by certain companies for which Mr. Jason Wild serves as a board member, including certain companies for which Mr. Wild serves as the Chairman of the Board of Directors. This brochure includes important new conflict disclosures concerning Mr. Wild's board memberships and J.W. Asset's investments in related securities.

The information set forth herein is qualified in its entirety by reference to the applicable Fund's offering and governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable Fund's governing and/or offering documents, the governing and/or offering documents shall control.

Currently, a copy of our Brochure may be requested by contacting Jason Klarreich at 212 446 5362 or [jklarreich@jwfunds.com](mailto:jklarreich@jwfunds.com). Additional information about J.W. Asset is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 3-Table of Contents

Item 2-Material Changes .....	2
Item 3-Table of Contents .....	4
Item 4-Advisory Business .....	5
Item 5-Fees and Compensation .....	6
Item 6-Performance Based Fees and Side-By-Side Management.....	7
Item 7-Our Clients .....	8
Item 8-Methods of Analysis, Investment Strategies and Risk .....	9
Methods of Analysis .....	9
Investment Strategies .....	10
Risks of Investment.....	13
Item 9-Disciplinary Information .....	28
Item 10-Other Financial Industry Activities and Affiliations.....	29
Item 11-Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading ...	29
Code of Ethics.....	29
Misuse of Nonpublic Information.....	30
Participation or Interest in Client Transactions .....	30
Personal Securities Trading .....	31
Outside Business Activities .....	31
Item 12-Brokerage Practices .....	32
Item 13-Review of Accounts .....	34
Item 14-Client Referrals and Other Compensation.....	34
Item 15-Custody .....	35
Item 16-Investment Discretion.....	35
Item 17-Voting Client Securities .....	35
Item 18-Financial Information .....	35

## Item 4-Advisory Business

J.W. Asset Management, LLC (“**J.W. Asset**” or the “**Investment Manager**”), a Delaware limited liability Company, was founded in November 2003 and provides discretionary investment management services to certain private funds as mentioned below.

Jason G. Wild owns a 99% interest in J.W. Asset, with Tamar Katzburg Wild, his spouse, controlling the remaining 1%. Mr. Wild is the managing member of the Investment Manager and is responsible for all the securities selections.

Mr. Wild is the President and managing member of J.W. Asset and JW GP, LLC (the “**General Partner**”). These entities serve as the investment adviser and, to the extent applicable, general partner/managing member, respectively, for JW Partners, LP, Pharmaceutical Opportunities Fund, LP, JW Opportunities Fund, LLC, JW Opportunities Fund Ltd., JW Opportunities Master Fund Ltd., JW DealFund I, LP and JW DealFund II, LP. (each a “**Client**” or “**Fund**”; together “**Clients**” or “**Funds**”). Mr. Wild has more than 20 years of experience as a portfolio manager and a fund manager. He is the Chairman of the Board of Arbor Pharmaceuticals, Inc. (“**Arbor**”), Chairman of the Board of TerrAscend Corp. (“**TerrAscend**”), and serves on the Board of Directors for Vitruvias Therapeutics, Inc. (“**Vitruvias**”). Prior to the launch of JW Partners, LP in 1998, Mr. Wild was a practicing pharmacist. He graduated from Long Island University in 1996 with a Bachelor of Science degree in Pharmacy.

Please see Item 8 below for a brief discussion of J.W. Asset’s current investment strategies (collectively, the “**Strategies**”). The Strategies generally focus on healthcare, consumer and retail sectors and are tailored to the specific Fund. Important information regarding an investment in a Fund, including the specific investment strategies and policies, fees and expenses, risk factors and other material terms, are set forth in each Fund’s offering and governing documents (the “**Offering Documents**”).

As of December 31, 2018, J.W. Asset’s discretionary regulatory assets under management were approximately \$945 million.

## Item 5-Fees and Compensation

J.W. Asset does not have a standardized fee schedule. J.W. Asset generally receives a management fee up to 2% per annum of assets under management (a) based on beginning of period or end of period assets, (b) generally charged quarterly, and (c) payable either in advance or in arrears.

J.W. Asset as the Investment Manager, in its sole discretion, may waive, reduce or calculate differently the management fee with respect to certain investors in the Funds, including, without limitation, limited partners who are affiliates or employees of the General Partner or the Investment Manager, members of the immediate families of such persons, trusts or other entities for their benefit (“**Related Partners**”).

ERISA and current IRS regulations prohibit fee payments to oneself and/or an affiliate from one's IRA or other self-directed retirement account. Accordingly, such an account of an officer of the General Partner or his spouse will be deemed to be a Related Partner and will not be subject to management fees or Performance Profit (as defined below) allocations.

Except as otherwise provided in the relevant Fund's Offering Documents, J.W. Asset and/or the General Partner (as applicable) shall bear and pay (without reimbursement by the relevant Fund) all reasonable and normal overhead expenses incurred in the operation of the respective Fund, including, among other things, office expenses, rent, employee salaries, telephone, postage and clerical costs (but not accounting, legal or other professional service costs). The respective Fund will pay or reimburse the General Partner and/or J.W. Asset for all other costs and expenses incurred by or on behalf of the respective Fund or for its benefit, including, without limitation, all costs and expenses associated with the organization of the Fund, all respective Fund trading costs and expenses (such as, for example, expenses related to short sales, option premiums, brokerage commissions and fees, clearing and settlement charges, custodial fees and expenses and service fees, securities transaction costs and research costs), taxes, all interest on Fund borrowings (on margin or otherwise), all accounting and legal fees, as well as extraordinary or nonrecurring expenses (such as litigation expenses), which expenses may be paid directly by the respective Fund or reimbursed to the General Partner and/or the J.W. Asset and all interest on respective Fund borrowings (on margin or otherwise).

All such fees and expenses and other important information regarding an investment in a Fund, are more fully set forth in each Fund's Offering Documents.

Clients may terminate J.W. Asset's advisory services at any time without penalty generally upon sixty days' prior written notice. Withdrawals or redemptions by investors in a Fund can be made on the terms described in the applicable Fund's Offering Documents. Upon termination of any Client account, or a withdrawal made by an investor in a Fund, any prepaid, unearned fees will be promptly refunded and any earned, unpaid fees will be due and payable.

J.W. Asset deducts its management fee from the Funds' assets.

See Item 12 which describes the factors that J.W. Asset considers in selecting broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

## **Item 6-Performance Based Fees and Side-By-Side Management**

An amount equal to 20% of each limited partner's share of net profits, if any, during any fiscal year, in excess of the sum of (i) the management fees paid in respect of such limited partner and (ii) any cumulative unrecovered net losses experienced by each limited partner over all prior years (subject to adjustment on withdrawal as described below) ("**Performance Profits**") will be allocated to the capital accounts of the General Partner, an affiliate of J.W. Asset, from the capital accounts of each limited partner. Performance Profit allocations will be based on realized and unrealized gains for all Fund investments. In the event that a limited partner retires, is required to retire or makes a substantial withdrawal from a Fund at any time other than at the end of a fiscal year, a Performance Profit allocation is made from that limited partner's account at the time of his retirement or substantial withdrawal as though it were being made at the end of a fiscal year. Performance Profit allocations do not apply to Related Partners except as directed by the General Partner.

The General Partner of the Funds and/or J.W. Asset may be subject to conflicts of interest with respect to the Funds. J.W. Asset currently manages and makes investment decisions for several

Funds with similar investment objectives and policies. The Funds, therefore, may compete with each other with respect to investment transactions. Furthermore, one or more of the Funds currently invests in private entities and/or start-ups in which J.W. Asset, its principals and/or affiliates are also invested and which are partially or wholly controlled by J.W. Asset, its principals and/or affiliates.

Certain Funds may have higher Performance Profit allocations than other Funds. Such arrangements may create an incentive for J.W. Asset to favor those accounts with a higher Performance Profit allocation over other accounts with a lower (or no) Performance Profit allocation in the allocation of investment opportunities. J.W. Asset has designed and implemented policies and procedures to prevent these potential conflicts from influencing the allocation of investment opportunities among Clients. See also Item 8.

All fees and expenses and other important information regarding an investment in a Fund, are more fully set forth in each Fund's Offering Documents.

## Item 7-Our Clients

J.W. Asset provides discretionary investment management services to several Funds.

Each Fund has a minimum investment requirement for investors as set forth in such Fund's Offering Documents. Investors also are required to meet certain eligibility standards as set forth in each Fund's Offering Documents.

In its discretion, J.W. Asset may enter into side letter arrangements with certain investors in Funds managed by J.W. Asset ("**Side Letter Investors**") whereby J.W. Asset and a Side Letter Investor have agreed (or may agree in the future) to vary the Side Letter Investor's investment terms from those made available to other investors in Funds, including but not limited to (1) the greater availability to the Side Letter Investor of certain information, disclosures and/or reports (including personnel or other changes to J.W. Asset or the Fund, or portfolio holdings and other information concerning the Fund's investments or the Side Letter Investor's investment), (2) the timing of the delivery to the Side Letter Investor of such information or other Fund information, disclosures and/or reports, and (3) certain other investment terms,



including but not limited to reduced fees to be charged to a Side Letter Investor (management and/or incentive), shorter notice periods for redemption, more frequent dates for redemptions, timing of redemption payouts, and/or timing for subscriptions. As a result, in the future, certain Side Letter Investors may be able to act (i.e., request redemptions) on such additional information that other investors do not receive. Granting more favorable liquidity terms to certain investors may have a material adverse effect on investors not receiving such terms. A Fund also may issue additional classes that are subject to such different terms and conditions which are similar or the same as a side letter arrangement.

## Item 8-Methods of Analysis, Investment Strategies and Risk

### Methods of Analysis

J.W. Asset believes that it can identify value and opportunities without undue risks by applying informed decision making and skilled management and by attention to the details of the Funds' investments. As part of its research process, J.W. Asset will analyze many factors including, but not limited to:

- a detailed review of a particular company's regulatory filings and financial statements;
- information received as a result of face-to-face meetings with a company's senior management; and
- utilization of the Investment Manager's proprietary network of industry experts and contacts in the healthcare industry.

Further, J.W. Asset's analysis depends on:

- Daily news surveillance and evaluation of all positions;
- Frequent management interaction in our New York office and onsite company visits when productive;
- Attendance at industry meetings and conferences throughout the year;
- Review of SEC and FDA filings as they become public;
- Analysis and review of underlying portfolio companies, relying heavily on Mr. Wild's background as a pharmacist and 20+ years as a dedicated healthcare portfolio

manager;

- Concentrated portfolios of best ideas with top 10 positions usually accounting for over 50% of the portfolio (initial positions usually kept below 15% of the public equity portfolio);
- Mitigated risk with respect to regulatory, political, and potential patent litigation whenever possible;
- Event driven trading, covered calls and strategic short positions to reduce overall volatility when opportunities present themselves.

## Investment Strategies

J.W. Asset's strategies are described briefly below:

### **Pharmaceutical Opportunities Fund, LP**

The investment objective of this Fund is to achieve capital appreciation by investing primarily in companies in the pharmaceutical sector. In pursuit of the Fund's investment objectives, J.W. Asset has allocated the majority of the Fund's portfolio to two different investments, each held in a different class of limited partner interests, as follows: (i) ownership in Arbor Pharmaceuticals, Inc. (with respect to the Class A Interests in the Fund) and (ii) ownership in TerrAscend (with respect to the Class B Interests in the Fund). (TerrAscend is a vertically-integrated Canadian cannabis company that strives to create and deliver quality products and services that meet the evolving needs of the cannabis market).

J.W. Asset may also allocate capital of the Fund using a number of investment vehicles and strategies including the purchase and sale of common and preferred stock, stock options and index options. The Fund may at times take short as well as long positions, including simultaneous short and long positions, in stock and option trades involving the same security. The Fund may also invest from time to time in securities offered in public and private offerings. The Fund may make use of margin borrowing to leverage its holdings at such times and in such amounts as J.W. Asset determines appropriate.

The Fund's portfolio will be driven by J.W. Asset's view of current market conditions and relative risk/reward characteristics. The primary strategy to be utilized by J.W. Asset will be

based upon "bottom-up" methodology which emphasizes the potential performance of individual securities without regard to underlying macro-economic factors.

J.W. Asset may also apply a minority portion of the Fund's assets to short-term holdings, with the result that the Fund may experience high levels of portfolio turnover from time to time and resulting higher trading expenses including commissions.

### **JW Partners, LP**

The investment objective of the Fund is to seek capital appreciation by investing primarily, but not exclusively, in growth companies in the healthcare, consumer and retail sectors. The Fund invests in both public and private companies without restrictions or limits on the percentage allocation to specific investments. The Investment Manager will attempt to capitalize on the absence of research coverage for many small and mid-sized companies by conducting its own proprietary investment research. The investment policy of the Fund is based upon the belief that significant profit can be realized from a sophisticated and aggressive investment strategy, often regardless of general market factors. The Fund intends to have a relatively concentrated portfolio by focusing its investments in a relatively small number of securities, with the expectation that such a concentrated investment strategy may lead to greater returns. However, the Fund will not be limited to investing in any specific sector and may pursue other investment opportunities as J.W. Asset determines from time to time, within the limits established from time to time by J.W. Asset, in its sole discretion. J.W. Asset will generally effect portfolio transactions without regard to holding periods and as a result, the Fund's portfolio turnover may be high.

Like the Pharmaceutical Opportunities Fund, JW Partners, LP also maintains a substantial investment in Arbor and TerrAscend (in addition to other securities issued by Canadian companies, and companies in other jurisdictions, in the business of cultivating and selling medical and adult-use marijuana or cannabis).

### **JW DealFund I, LP**

The investment objective of the Fund is to seek long-term capital appreciation and current income by investing primarily, but not exclusively, in privately negotiated equity and equity-

related securities and debt instruments issued by Arbor. The Partnership Agreement provides that the Fund will not invest in securities of an issuer other than Arbor (or certain short-term highly-liquid cash and cash equivalent investments) without first seeking the approval of such investment from the Limited Partners holding at least 75% of the aggregate amount of all capital contributed to the Fund. While the Fund will not be limited to investing its capital in Arbor, J.W. Asset has not currently identified other suitable investment opportunities for the Fund.

### **JW Opportunities Master Fund Ltd. (“Master Fund”)**

The investment objective of the Master Fund is to seek capital appreciation by investing primarily, but not exclusively, in growth companies in the healthcare, consumer and retail sectors. The Master Fund will invest in both public and private companies without restrictions or limits on the percentage allocations to specific investments. The Investment Manager will attempt to capitalize on the absence of research coverage for many small and mid-sized companies by conducting its own proprietary investment research. The Investment Manager’s research process will take into consideration multiple elements, including, but not limited to: a detailed review of a company’s regulatory filings and financial statements; face-to-face meetings with a company’s senior management; and utilization of the Investment Manager’s proprietary network of industry experts and contacts in the healthcare industry.

The Master Fund intends to have a relatively concentrated portfolio by focusing its investments on a relatively small number and variety of companies, with the expectation that such a concentrated investment strategy may lead to greater returns. Like JW Partners, LP, the Master Fund has made substantial investments in Canadian companies in the business of cultivating and selling medical and adult-use marijuana or cannabis, including TerrAscend (in which Pharmaceutical Opportunities (Class B) also invests).

### *JW Opportunities Fund LLC and JW Opportunities Fund Ltd. (“Feeder Funds”)<sup>1</sup>*

---

<sup>1</sup> Historically, the JW Opportunities Fund LLC has operated as a stand-alone entity. JW Asset formed JW Opportunities Fund, Ltd. (the “**Offshore Fund**”), a Cayman Islands exempted company with an investment objective and strategies identical to those of the JW Opportunities Fund LLC, as the offshore counterparty in order to facilitate investments by qualified investors who are U.S. tax-exempt investors or who are not United States residents or citizens. Consistent with prevailing industry practice, JW Asset also formed the JW Opportunities Master Fund (“**Master Fund**”) to serve as the investment vehicle through which the JW Opportunities Fund LLC and the Offshore Fund (together, “**the Feeder Funds**”) would invest their assets and implement their investing and trading strategies. To effectuate this

The investment objective of the Feeder Funds, respectively, is to seek capital appreciation by investing primarily, but not exclusively, in growth companies in the healthcare, consumer and retail sectors. The Feeder Funds expect to pursue their investment objectives by investing all or substantially all of its assets in the Master Fund.

## **JW DealFund II, LP**

The Fund seeks to achieve long-term capital appreciation primarily from investments in the Series B convertible preferred stock of Vensun.

There can be no assurances that a Client will achieve its investment objective or that the strategies pursued and methods utilized by J.W. Asset will be successful under all or any market conditions.

## **Risks of Investment**

An investment in any of the Funds should be viewed as a speculative investment. None of the Funds is intended as a complete investment program. Each of the Funds is designed only for sophisticated investors who have adequate means of providing for their needs and contingencies without relying on distributions or withdrawals from their Fund accounts, who are financially able to maintain their investment and who can afford a loss of all or a substantial portion of their investment. There can be no assurance that the investment objectives or the strategies described above and more fully in the respective Fund Offering Documents will be achieved or will be successful. Investing in securities involves risk of loss that an investor in a Fund should be prepared to bear.

The general risks of investment are set forth below, as well as those specific to one or more of the Funds. One should refer to the respective Fund Offering Document for a complete and specific description of the material risks associated with an investment in the Fund.

---

restructuring, JW Opportunities Fund LLC, effective July 1, 2015, contributed all of its assets in kind, except for certain holdings due to tax and regulatory reasons, to the Master Fund.

***Illiquidity.*** Securities in which a Fund invests may include positions for which there is no active trading market or which are only thinly traded or traded over-the-counter. A Fund may purchase unregistered securities and/or restricted securities, such as trade claims, for which there is no active trading market. Further, a Fund may receive unregistered and/or registered securities in exchange for securities that it acquires pre-reorganization. For these reasons and others, a Fund's portfolio of securities may be illiquid.

***Economic Conditions.*** Changes in economic conditions, including, for example, interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of a Fund. None of these conditions will be within the control of J.W. Asset.

***Sector Risk; Lack of Diversification.*** Since a Fund's portfolio will be concentrated in the healthcare sector with a focus on the pharmaceutical and cannabis industries and may concentrate its assets in a relatively small number of positions, it will be less diversified than funds investing in a broader range of industries and a greater number of companies and, therefore, could experience greater volatility than more diversified funds. Many healthcare companies are relatively small and have thinly traded equity securities, may not offer products or offer a single product and may have persistent losses during a new product's transition from development to production or erratic revenue patterns. In addition, the prices of the securities of healthcare companies may fluctuate widely due to patent considerations, intense competition, rapid technological change and obsolescence and regulatory requirements of the Food and Drug Administration, the Environmental Protection Agency, state and local governments and foreign regulatory authorities.

***Risks Relating to Markets.*** As the securities and options in which the Funds invest are traded on exchanges or over-the-counter, the value of such investments and the risks associated therewith vary in response to events that affect such markets which are beyond the control of a Fund.

***Leverage.*** A Fund's strategy may employ leverage. The Investment Manager manages leverage risk but generally does not have an explicit limit on leverage. A Fund may obtain its leverage in any manner deemed appropriate by the Investment Manager, including by borrowing to buy

securities and currencies or by entering into reverse repurchase agreements and derivative transactions that have the effect of leveraging a Fund's investments. The amount of leverage varies and may at times be substantial. To the extent a Fund purchases securities and currencies with borrowed funds, its net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. If the interest expense on borrowings were to exceed the net return on the assets purchased with borrowed funds, a Fund's use of leverage would result in a lower rate of return than if a Fund were not leveraged.

***Start-up Entities.*** A Fund may invest in start-up entities and may provide all or a portion of such entities' initial capital. Start-up entities inherently have limited or no operating histories and as such it may be difficult for the Investment Manager to evaluate the viability and/or potential prospects of any start-up entity in which the Fund invests. Investments in start-up entities involve a high degree of business and financial risk which can result in substantial losses. In the event a start-up entity a Fund invests in is co-owned and/or controlled by principals of the Investment Manager, these risks may be enhanced as the Investment Manager may have an incentive to make and/or maintain such investments even if they are not performing well and there will not be any independent oversight with respect to such investments. There is no guarantee that any of the start-up entities in which the Fund invests will be profitable.

***Cannabis Companies.*** While J.W. Assets limits the Funds' cannabis investments to those companies it considers to be best-in-class, with sophisticated and high-quality manufacturing and products, the legal cannabis industry is a very young, fast evolving industry with enormous exposure to regulation and regulatory changes. Certain of the Funds have invested in companies in the cannabis industry that have their origin in Canada, where cannabis for both adult-use and medical purposes has been legalized nationally. Certain of those companies have expanded their operations to the United States and elsewhere, which involves an expanded set of risks.

**Marijuana Remains Illegal Under Federal Law.** Marijuana is classified as a Schedule I controlled substance under the U.S. Controlled Substances Act of 1970, as amended (the "Controlled Substances Act") and it is illegal under federal law to sell or possess for any purpose. Even in those states in which the use of marijuana has been legalized, its sale and possession remain a violation of federal law. Since federal law regarding the sale or possession of marijuana preempts state laws that legalize sale and possession, strict enforcement of federal law

regarding marijuana would likely harm the businesses in which the Funds invest and the ability of the Funds to pursue their investment strategy. According to Federal law, Schedule I substances by definition have a high potential for abuse, have no currently “accepted medical use” in the United States, lack accepted safety for use under medical supervision, and may not be prescribed, marketed or sold in the United States.

As of the date of this brochure, thirty-three (33) states, the District of Columbia, and territories of Guam and Puerto Rico, the Northern Mariana Islands, and the U.S. Virgin Islands allow their citizens to use medical marijuana. As of the date of this brochure, the recreational use of cannabis is legal in ten (10) states (Alaska, California, Colorado, Maine, Massachusetts, Michigan, Nevada, Oregon, Vermont, and Washington) plus the District of Columbia and the Northern Mariana Islands, and decriminalized in another thirteen (13) states plus the U.S. Virgin Islands.

As noted above, these state laws are in conflict with the Federal Controlled Substances Act, which makes marijuana sale and possession illegal on a national level. The prior U.S. administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013 that outlined certain priorities for the U.S. Department of Justice (“DOJ”) relating to the Federal prosecution of cannabis offenses. The Cole Memorandum directed that enforcing federal cannabis laws and regulations in jurisdictions that have enacted laws legalizing cannabis in some form, and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, against conduct in compliance with those State laws and regulations was not a priority for the DOJ. The DOJ did not provide (and has not provided since) specific guidelines for what State regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, U.S. Attorney General Jeff Sessions formally issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. The Sessions Memorandum stated, in part, that current law reflects “Congress’ determination that cannabis is a dangerous drug and cannabis activity is a serious crime”, and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. There can be no assurance that the



federal government will not enforce federal laws relating to cannabis in the future. Jeff Sessions resigned as U.S. Attorney General on November 7, 2018 and William Barr has replaced him. In his Senate confirmation hearings, Mr. Barr stated that he had no intention of targeting State-compliant marijuana businesses. It is unclear what impact this development will have on U.S. federal government enforcement policy. Under the current administration, there is no guarantee that a low priority enforcement policy concerning Federal laws concerning the sale and possession of cannabis will not change. Additionally, any future administration could change this policy and decide to enforce these Federal laws more strictly. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to the Funds.

Although cannabis remains a Schedule I drug, the Rohrabacher-Farr amendment (also known as the Rohrabacher-Blumenauer amendment) prohibits the use of federal funds in connection with investigating and prosecuting persons and entities complying with state medical cannabis laws. The Rohrabacher-Farr amendment has been renewed annually the last several years as part of the appropriations process in Congress. Any failure to renew the Rohrabacher-Farr amendment or a new approach to enforcement of existing Federal laws concerning cannabis by the DOJ could have a chilling effect on the industry's growth and be materially adverse to the Funds and their portfolio investments.

Although the cultivation of industrial hemp was made legal in the United States in early 2019 with the enactment of the Farm Bill, the U.S. Food and Drug Administration (the "FDA") has since issued a statement saying that despite the new status of hemp, CBD remains illegal to add to food or health products without the agency's approval. Rules and regulations around the evolving field of hemp derived CBD remain unclear.

The cannabis industry in the U.S. is at an early stage of its development. Cannabis has been, and is expected to continue to be, a controlled substance for the foreseeable future. Consumer perceptions regarding legality, consumption, safety, efficacy and quality of cannabis are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with

earlier publicly-available information. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or public information could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Funds' portfolio investments and accordingly the Funds. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect.

Portfolio Companies May Have Difficulty Operating in the Face of Stringent and Inconsistent Regulation. In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis-related businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the U.S. Treasury Department. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Funds and their portfolio companies may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. Consequently, businesses involved in the marijuana industry often have trouble finding a bank or other financial institutions willing to accept their business. The inability to open bank accounts may make it difficult for the portfolio companies in which the Funds invest to conduct business and grow.

Laws and regulations affecting the marijuana industry are constantly changing, which could detrimentally impact the businesses in which the Funds invest. The companies in which the Funds invest are subject to various laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana, as well as being subject to laws and regulations relating to health and safety, the conduct of operations and the protection

of the environment. Litigation, complaints and enforcement actions could consume considerable amounts of financial and other corporate resources at the Funds' portfolio companies, which could have a negative impact on their sales, revenues, profitability and growth prospects.

Local, state and federal marijuana laws and regulations are broad in scope and subject to evolving interpretations, which could require the Funds to incur substantial costs associated with compliance or alter their business plans. In addition, violations of these laws, or allegations of such violations, could disrupt the Funds' business and result in a material adverse effect on their operations. In addition, it is possible that regulations may be enacted in the future that will be directly applicable to portfolio companies and the Funds. J.W. Asset cannot predict the nature of any future laws, regulations, interpretations or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on portfolio companies and the Funds.

Companies involved in the marijuana industry face intense competition, may have limited access to the services of banks, may have substantial burdens on company resources due to litigation, complaints or enforcement actions, and are heavily dependent on receiving necessary permits and authorizations to engage in medical marijuana research or to otherwise cultivate, possess or distribute marijuana. Variations in national, state and local regulation and enforcement in jurisdictions that have legalized medical or adult-use cannabis that may restrict marijuana related activities, may negatively affect the Funds' investment returns.

As described above, individual state laws do not always conform to Federal laws or to other states' laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Variations exist among states that have legalized, decriminalized or created medical marijuana exemptions. For instance, some states require vertically integrated cannabis businesses and other states prohibit vertical integration. This conflict makes it difficult for the Funds' portfolio investments to gain scale and efficiency.

Because the sale and possession of cannabis is illegal under U.S. federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. In addition,

portfolio companies will not be able to register any U.S. federal trademarks for their cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is illegal under the Controlled Substances Act, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, portfolio companies likely will be unable to protect their cannabis product trademarks beyond the geographic areas in which they conduct business, thus inhibiting the creation of true national brands. The use of its trademarks outside the states in which they operate by one or more other persons could have a material adverse effect on the value of such trademarks.

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or in green houses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on production and, consequentially, on the business, financial condition and operating results of the Funds' portfolio investments.

**Tax Risks Related to Controlled Substances.** Section 280E of the U.S. Internal Revenue Code ("Section 280E") prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted thus lowering the after-tax results of operations of the industry. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses.

U.S. states where medical and/or adult-use cannabis is legal have or are considering special taxes or fees related to the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the businesses, results of operations and financial condition of the portfolio investments of the Funds.

The Effect of State Civil and Criminal Laws on Limited Partners, J.W. Asset and the General Partner. Although portfolio companies may conduct business in conformance with state rules and regulations in those states that have passed cannabis-related legislation and adopted regulations, the General Partner, J.W. Asset and/or their respective affiliates, shareholders, principals, members, partners, managers, directors, officers and employees (collectively the “Affiliated Persons”) and the Limited Partners potentially face exposure under Federal law and in those states that have not passed legislation. Affiliated Persons and Limited Partners located in states where the sale and possession of marijuana remains illegal may be at risk of prosecution under state conspiracy, aiding and abetting, and money laundering statutes, and be at further risk of losing their investments or proceeds under forfeiture statutes. Many states remain fully able to take action to prevent the proceeds of marijuana businesses from entering their state. Because legalization is so new, it remains to be seen whether these states would take such action and whether a court would approve it. Limited Partners should be aware of these potentially relevant state laws in considering whether to invest in the Funds.

a. *Conspiracy/Aiding and Abetting*

An individual who invests in or otherwise assists a marijuana-related business could potentially face criminal liability under Federal or state conspiracy and/or aiding and abetting laws on the theory that the individual has conspired with or assisted another to sell marijuana, conduct that remains a crime in many states.

b. *Money Laundering*

Affiliated Persons and Limited Partners should also be aware of the potential impact of Federal or state money laundering statutes. Many state money laundering statutes, for example, criminalize any financial transaction by any person that involves the proceeds of various types of “criminal conduct,” including selling drugs. “Criminal conduct” for purposes of the statutes include “conduct committed in any other jurisdiction which is or would be a crime under the laws” of the home state.

c. *Criminal and Civil Forfeiture*

As an entity that invests in or services a marijuana-related business, the Funds are potentially subject to Federal or state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an

alternative for a state (or local police force) that wants to discourage residents from conducting transactions with marijuana-related businesses but considers criminal liability a step too far. Also, an individual can be required to forfeit property that is the proceeds of a crime even if the individual is not convicted of the crime, and the standard of proof in a civil forfeiture matter is lower than the standard in a criminal matter.

***Conflicts of Interest.*** The General Partner and/or J.W. Asset may be subject to significant conflicts of interest with respect to a Fund. For example, J.W. Asset currently manages and makes investment decisions for several Funds with similar investment objectives and policies. The Funds, therefore, may compete with each other with respect to investment transactions. Furthermore, one or more Funds currently invest in private entities and/or start-ups in which J.W. Asset, its principals and/or affiliates are also invested and which are partially or wholly controlled by J.W. Asset, its principals and/or affiliates. As a result of the investment in and/or control of such start-up entities by J.W. Asset, its principals and/or affiliates, J.W. Asset may have incentive to make and/or maintain such investments even if they are not performing well and there will not be any independent oversight with respect to such investments as set forth above.

***Reliance on General Partner, Investment Manager and Jason G. Wild.*** Decisions with respect to the management of a Fund's affairs are made exclusively by the General Partner or the Fund's board of directors, as applicable, although investment management responsibilities with respect to the Fund have been delegated to J.W. Asset. In this respect, J.W. Asset has full discretionary authority to identify, structure, execute, administer, monitor and liquidate Fund investments. In exercising their authority, the General Partner and J.W. Asset have no responsibility to consult with any limited partner. Limited partners have no right or power to take part in the management of the Fund. Accordingly, no person should purchase a limited partner interest unless such person is willing to entrust all aspects of the management of the Fund to the General Partner and Jason G. Wild, and the investment decisions of the Fund to J.W. Asset and Jason G. Wild.

For the foreseeable future, it is expected that Jason G. Wild will be the only person making investment decisions on behalf of J.W. Asset. As a result, the Funds' potential for success is expected to be completely dependent on Mr. Wild's abilities to manage the Funds' investments,

and the Funds would be severely adversely affected and will likely engage in an orderly wind-down in the event J.W. Asset loses Mr. Wild's services for any reason.

***Participation on Boards, Creditor Committees and Other Advisory Committees.*** The Investment Manager anticipates that a Fund's investment program will enable the Fund to place its representatives on the boards, creditor committees and/or other advisory committees of certain companies in which such Fund has invested. Such representation may enable the Investment Manager to be more involved and obtain greater transparency with respect to such companies and also enhance the sale value of investments. In addition, the Fund's representatives who serve on such boards and/or committees have in the past and may in the future receive compensation from certain of these companies for their services. The receipt of such compensation creates a potential conflict of interest when the Investment Manager is making investment decisions. The Investment Manager has adopted compliance policies and procedures to identify such potential conflicts and, with active involvement of outside regulatory counsel, to take affirmative steps to mitigate any potential conflict. Among other things, such policies and procedures require an employee of the Investment Manager to resign immediately from any representation that creates an actual conflict between the duties of the employee for the Investment Manager and the duties of the employee as a board representative for another company or entity. On behalf of each Fund, the Investment Manager will attempt to balance the advantages and disadvantages of such Board, creditor committee or advisory committee representation when deciding whether and how to exercise a Fund's rights with respect to such opportunities to participate in the management of such companies. The exercise of such rights on behalf of a Fund could produce adverse consequences in particular situations, including without limitation, increased risk of litigation.

As discussed in Item 4, Jason Wild is the Chairman of the Board at Arbor as well as a large investor when taking into account the shares held by entities under his control. Jason Klarreich is a member of the Board of Arbor. Furthermore, Jason Wild serves as the Chairman of the Board at TerrAscend and serves on the Board of Directors for Vitruvias.

***Investment Selection.*** If permitted, a Fund may engage in short sales, hedging, option trading, leverage and other strategies from time to time. A short sale will result in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale will result in a loss if the price

of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Fund may be required to pay with respect to the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Fund's short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but theoretically unlimited risk of loss. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit.

Depending on a Fund's particular investment strategy, the Fund will invest in publicly traded and/or non-publicly traded securities including common stocks, preferred stocks, stock warrants and rights, bonds, debentures, convertible securities, and other debt obligations. Further, it may also invest in interest bearing or interest rate sensitive marketable securities, forward contracts, currencies and other financial instruments and engage in short sales of securities. A Fund may invest on margin and may employ other leveraging strategies which can increase the profit potential of a securities portfolio but also increase the risk of loss and portfolio volatility. In addition, margin trading requires the pledge of Fund securities as collateral, and margin calls can result in the Fund being required to pledge additional collateral or in liquidation of the Fund's securities holdings, which can result in the necessity for selling portfolio securities at substantial losses that would not otherwise be incurred.

A Fund also lends securities to broker-dealers and other institutions as a means of earning additional income; such securities lending is an increasingly significant source of Fund revenue. If the borrower becomes bankrupt or insolvent, the Fund could experience delays and costs in recovering its securities. To the extent that, in the meantime, the value of securities lent changes, the Fund could experience further losses. Security loans must be fully collateralized, and the General Partner and/or J.W. Asset must be satisfied with the creditworthiness of the other party to the transaction.

A Fund may buy and sell options (including purchasing special expiration price options) to manage its exposure to changing interest rates, security prices and currency prices. Some options strategies, including buying puts and writing calls, hedge the Fund's investments against price fluctuations. Other strategies, including writing puts and buying calls, tend to increase market exposure. The Fund may invest in options based on any type of security or index related



to its investments, including options traded on foreign exchanges and options not traded on exchanges. Options can be volatile investments involving a high degree of risk. If a Fund applies a hedge at an inappropriate time or judges market conditions incorrectly, options strategies may reduce the Fund's return. Options traded on foreign exchanges generally are not regulated by United States authorities and may offer less liquidity and less protection to the Fund if the other party to the contract defaults. A Fund also could experience losses if the prices of option positions were to be poorly correlated with its other investments, or if it could not close its positions because of an illiquid secondary market.

A Fund may also purchase put and call options on one or more baskets of securities of issuers in a particular industry or sector that J.W. Asset believes will increase or decrease in value generally as a group.

Investing in securities of non-United States companies, which are generally denominated in foreign currencies, and use of forward foreign currency exchange contracts, involves unusual risks not typically associated with investing in United States companies. These risks include, but are not limited to, less public information available regarding foreign issuers, limited liquidity of foreign securities and political risks associated with the countries in which foreign securities are traded and the countries where foreign issuers are located. Individual foreign economies may differ favorably or unfavorably from the United States economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency and balance of payments positions, and in other respects. The Fund may invest in securities of foreign governments (or agencies or subdivisions thereof), and some or all of the foregoing considerations may apply to such investments as well.

Any of such strategies that the Fund employs should be expected to increase a Fund's transaction costs, interest expense and other costs and expenses. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for the Fund.

A Fund may have higher portfolio turnover than other investment funds. The brokerage commissions and other transaction costs incurred by the Fund will generally be higher than those incurred by a fund with a lower portfolio turnover rate.

The Limited Partners in a Fund will have no opportunity to select or evaluate the Fund investments or strategies. All Fund investments and strategies will be selected by J.W. Asset or its delegees, if any.

***Absence of Regulatory Oversight.*** While a Fund may be considered similar to an investment company, it is not required and does not intend to register as such under the Investment Company Act of 1940, as amended (the “**Company Act**”), in reliance upon an exemption available to privately offered investment companies with less than 100 beneficial owners or an exemption available to privately offered investment companies whose beneficial owners are all “qualified purchasers” or “knowledgeable employees” as defined under the Company Act, and, accordingly, the provisions of the Company Act (which may provide certain regulatory safeguards to investors) will not be applicable. A Fund generally will maintain custody of its assets at brokerage firms which do not separately segregate such assets as would be required in the case of registered investment companies. Under the provisions of the Securities Investor Protection Act, the bankruptcy of any such brokerage firms might have a greater adverse effect on a Fund than would be the case if it maintained its accounts to meet the requirements applicable to registered investment companies.

***Return of Investments.*** If a Fund should become insolvent, the Limited Partners may be required to return with interest any distributions representing a return of capital, repay any distributions wrongfully made to them and forfeit any undistributed profits.

***Tax Aspects.*** The tax aspects of an investment in a Fund are complicated and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and investment limited Funds. A Fund is not intended and should not be expected to provide any tax shelter, but is organized as a Fund to permit any distributions it might make to be made without being taxed as dividends. For a more detailed discussion of the income tax considerations associated with an investment in a Fund, see the discussion contained in the Offering Documents. Prospective investors are urged to consult their own tax advisers concerning the effect of Federal, state and local taxes on an investment in a Fund.

***Special Situation Investments.*** As discussed in this Item 8, a significant portion of the assets of one or more of the Funds is currently invested in private companies such as Arbor and Vensun,

and may in the future be invested in other assets that are or may become Special Situation Investments which cannot be liquidated.

Because of the absence of any trading market, or limited trading, for Special Situation Investments, a Fund may take longer to liquidate these positions than would be the case for publicly traded securities. Accordingly, a Fund's ability to respond to market movements may be impaired and a Fund may experience adverse price movements upon liquidation of its investments. Although these securities may sometimes be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by a Fund and less than the fair value of those Special Situation Investments, as determined by the third-party valuation agent retained by J.W. Asset to value these assets. Additionally, accurately valuing and realizing such investments or closing out positions in such investments at appropriate prices may not always be possible. Finally, a Limited Partner will not be able to withdraw any portion of its interest in a Special Situation Investment until such time as J.W. Asset determines that such Special Situation Investment no longer constitutes a Special Situation Investment or disposes, in whole or in part, of such Special Situation Investment.

***Concentration of Investments.*** Certain of the Funds invest most if not all of their available capital (other than capital the General Partner invests in certain permitted short-term cash equivalents) in a small number of investments (such as Arbor, Vensun and/or TerrAscend). As a result of this narrow investment focus, such Funds' investment portfolios will necessarily be more vulnerable to risk than a diversified portfolio.

***Factual Statements, Projections Regarding Arbor and Vensun, respectively, and Other Information.*** Certain of the factual statements made in this brochure are based upon information from various sources believed by the General Partner to be reliable. Neither the General Partner nor J.W. Asset has independently verified any of such information and shall have no liability for any inaccuracy or inadequacy thereof. Except to the extent that legal counsel has been engaged solely to advise as to matters of law, no other party (including legal counsel to a Fund and the General Partner) has been engaged to verify the accuracy or adequacy of any of the factual statements contained in this brochure. In particular, neither legal counsel nor any other party has been engaged to verify any statements relating to the experience, track record, skills, contacts or other attributes of the members of the General Partner or to the anticipated future performance of a Fund. Any estimates or projections as to events that may

occur in the future are based upon the best judgment of the General Partner and J.W. Asset. There is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material. Nothing contained herein is, or shall be relied upon as, a promise or representation as to the past or future.

Below is an additional risk that is specific to JW DealFund II, LP:

**Early Stage Company; Vensun.** This Fund has invested all or substantially all of its available capital (other than capital the General Partner invests in certain permitted short-term cash equivalents) in the Series B convertible preferred stock of Vensun. Jason Wild, J.W. Partners, LP, an investment fund managed by the General Partner and J.W. Asset, and an employee of J.W. Asset collectively have historically held a majority of the Series A convertible preferred stock of Vensun. Vensun is at an early stage of development and its product development and marketing programs are subject to the risks of inherent failure in the development of any new product or marketing campaign. Due to the fact that it is an early stage company, there are many associated risks (such as, completion, regulatory approval issues and the like) that are more fully detailed in the Fund's offering documents. Vensun was recently acquired by a third-party drug company in a merger and the vast bulk of the merger consideration, and any potential return to the holders of Vensun securities, is variable and entirely contingent on the success and viability of Vensun product candidates over a defined period in the future.

The foregoing does not purport to be a complete explanation of the risks involved in trading securities or with respect to any investment strategy.

<p><b><i>Note: J.W. Asset may add, modify and/or remove Strategies at any time pursuant to the Offering Documents. Greater detail regarding J.W. Asset's methods of analysis, investment strategies, and risk of loss may be found in each Fund's Offering Documents.</i></b></p>
---

## Item 9-Disciplinary Information

None of J.W. Asset, or its principals or employees, has been the subject of any complaints or been involved in any legal or disciplinary proceedings since its inception.

## Item 10-Other Financial Industry Activities and Affiliations

JW GP, LLC, a Delaware limited liability company formed in November 2003 serves as the general partner or managing member (as applicable) of the (Delaware) Funds for which J.W. Asset serves as the Investment Manager. Mr. Wild and Tamar Katzburg Wild, his spouse, control JW GP, LLC.

JW GP, LLC is accountable to the Funds as a fiduciary and consequently must exercise good faith and integrity in handling the (Delaware) Funds' affairs. J.W. Asset does not refer clients or investors to other investment advisors and it does not receive any compensation from other financial industry participants.

The right of the General Partner to receipt of the Performance Profit allocation may create an incentive for J.W. Asset, an affiliate of the General Partner, to cause the relevant Fund to make investments that are riskier or more speculative than would be the case if the General Partner was allocated only a fixed amount.

## Item 11-Code of Ethics, Participation or Interest in Client Transactions, & Personal Trading

J.W. Asset has a fiduciary responsibility to treat Clients fairly and seek to avoid actual or potential conflicts of interest. In performing their duties, J.W. Asset's employees have an obligation to act solely in the best interests of Clients, and to make full and fair disclosure of all material facts, particularly where the Clients' interests may conflict with the interests of J.W. Asset or its employees.

### Code of Ethics

J.W. Asset strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust and, therefore, has adopted a Code of Ethics which

describes the general standards of conduct that it expects of all Employees and focuses on specific areas where employee conduct has the potential to adversely affect the Clients: misuse of confidential information, personal securities trading and outside business activities. Failure of an employee to uphold the Code of Ethics may result in disciplinary sanctions, including termination by J.W. Asset. All employees must acknowledge the terms of the Code annually, or as amended. Any Client or prospective Client and any investor in a Fund may request a copy of the J.W. Asset Code of Ethics.

Under the Code, J.W. Asset's Employees are permitted to maintain personal trading accounts provided that such accounts are disclosed to J.W. Asset and any personal trading by Employees must be consistent with applicable law and with the Code. Employees may buy, sell or hold for their own personal trading accounts securities that J.W. Asset also may buy, sell or hold for the Funds it manages subject to compliance with applicable laws, rules and regulations, the Code, pre-approval, and a determination that no conflict of interest exists. See also "Personal Securities Trading" below.

### **Misuse of Nonpublic Information**

J.W. Asset's Code also addresses misappropriation of material nonpublic or proprietary information (e.g., insider trading). J.W. Asset's insider trading prohibitions (i) apply to all Employees, (ii) extend to activities within and outside their duties as Employees of J.W. Asset, and (iii) apply to investment interest-related information that is internal to J.W. Asset.

### **Participation or Interest in Client Transactions**

J.W. Asset may invest Client assets in securities where one or more principals of J.W. Asset has a vested interest or serves as director for the issuer. This presents a potential conflict of interest because J.W. Asset may have an incentive to make and/or maintain such investments even if they are not performing well and there will not be any independent oversight with respect to such investments, as set forth in Item 8. However, such relationships and potential conflicts of interest are fully disclosed to Clients and investors. See also Items 4, 5 and 8 above

J.W. Asset does not cross trade among Client accounts and does not plan to do so. To the extent necessary in the future, JW Asset has the discretion, as permitted under applicable law, to effect client cross-transactions. J.W. Asset may also engage an independent representative to satisfy the disclosure and consent requirements of Section 206(3) of the Advisers Act with respect to transactions entered into by Clients.

## Personal Securities Trading

Subject to compliance with applicable laws, rules and regulations and the Code, Employees may buy, sell or hold for their own personal trading accounts securities, including the same securities as Client accounts. J.W. Asset has adopted personal trading policies and procedures, which prohibit employees from benefitting personally from the trading activities of J.W. Asset Clients, to prevent conflicts of interest with its Clients.

J.W. Asset at times may maintain a restricted list of securities that it and its Employees may not trade in order to avoid the misuse of material non-public information or confidential Client information. Also, though J.W. Asset and its employees may invest in the same securities that it recommends for its clients, J.W. Asset has adopted a policy in its Compliance Manual restricting the ability of J.W. Asset or its employees to benefit from Client trades in those securities, including by providing a no-trade window before and after a material, market-moving Client trade. J.W. Asset's Chief Compliance Officer periodically reviews the personal accounts of its Employees for compliance with these policies and procedures.

## Outside Business Activities

Employees are permitted to engage in limited outside business activities provided these activities are pre-cleared by the Chief Compliance Officer (and, with respect to any outside business activities of the Chief Compliance Officer, pre-cleared by Mr. Wild) and more importantly, do not create an actual or potential conflict of interest due to the amount of time spent on such activities and the investment-related nature of certain activities.

If any activities are deemed to be in conflict with the Clients, such conflicts will be fully disclosed.

## Item 12-Brokerage Practices

As a fiduciary, the Investment Manager has a duty to seek the best execution for all transactions it executes on behalf of a Fund and for other accounts managed by the Investment Manager (“Other Accounts”). The Investment Manager is not required to seek or select the broker that charges the lowest transaction cost.

In selecting brokers for execution of a Fund’s trades, the Investment Manager will consider the full range of brokerage services provided, which may include a broker’s execution, clearance and settlement capabilities, its capital strength, stability, responsibility, reputation and reliability, the reasonableness of the broker’s commission rates (and other transactional charges), the nature and frequency of the broker’s sales coverage, its responsiveness to the Investment Manager, the broker’s depth of available services, arbitrage operations, bond capability and option operations; the availability of stocks to borrow for short trades; the broker’s willingness to execute related or unrelated difficult transactions in the future, and the broker’s back office, processing and special execution capabilities, and error resolution capabilities. In addition, the Investment Manager may consider in selecting brokers the nature and character of the particular security or instrument being traded and the activity existing and expected in the markets, including the size of the trade, the markets on which it is purchased or sold, the desired timing of the transaction and the pricing of the transaction. The Investment Manager may also consider the quality of the brokerage and research services, within the meaning of Section 28(e) of the Exchange Act of 1934, as amended (“**Brokerage and Research**”) that are provided to the Investment Manager by the broker.

The Investment Manager will not adhere to any rigid formulas in selecting brokers, but will weigh the criteria described above. Recognizing the values of these factors, the Investment Manager may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. The Investment Manager periodically will evaluate the placement of brokerage and the reasonableness of commissions paid.



To the extent the Investment Manager receives Brokerage and Research, it will be receiving a benefit by reason of the direction of such commissions because it will not need to produce or pay for the products or services (or charge such expenses to Clients). Thus, to the extent the Investment Manager uses commissions to obtain Brokerage and Research that would otherwise be an expense of the Investment Manager, such Brokerage and Research in effect will constitute additional compensation to the Investment Manager. As a result, the Investment Manager may have an incentive to select brokers based on such benefits. Brokerage and Research may be used by the Investment Manager in managing both the Fund's assets as well as some or all of the Other Accounts. Some Brokerage and Research may not necessarily be used by the Investment Manager in managing the assets of a Fund even though the Fund's commission dollars are provided for the Brokerage and Research. A Fund may not, in any particular instance, be the direct or indirect beneficiary of the Brokerage and Research provided.

Brokerage and Research has included and may include in the future, among other things, proprietary research from brokers and such other research provided in this paragraph. Brokers may also provide the Investment Manager with third party research services. Research may be in oral or written form and may include, among other things research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, database information, data on pricing and availability of securities, non-mass-marketed financial publications, electronic market quotations, trading analytics, analyses concerning specific securities, companies, industries or sectors and market, economic and financial studies and forecasts.

All soft dollar arrangements that the Investment Manager enters into will be within Section 28(e) which establishes a safe harbor (the "**Section 28(e) safe harbor**") allowing investment managers to use Client funds, by way of commission dollars, to purchase certain "brokerage and research services." Pursuant to such safe harbor, brokerage and research services must provide lawful and appropriate assistance to the Investment Manager in the performance of its investment decision-making responsibilities. Further, the amount of commissions paid by the Fund must be reasonable in light of the value of the brokerage or research services offered, taking into account various factors, including commission rates, financial responsibility and strength and ability of the broker to efficiently execute transactions. Accordingly, if the Investment Manager determines in good faith that the amount of commissions charged by a broker are reasonable in relation to the value of the brokerage or research services provided

by such broker, the Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

The Investment Manager may aggregate sale and purchase orders of securities held or purchased by a Fund with similar orders being made simultaneously for Other Accounts if, in the Investment Manager's judgment, such aggregation is reasonably likely to result in an overall economic benefit to the Fund and the Other Accounts, in the aggregate, based on an evaluation that the Fund and the Other Accounts are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of securities for a Fund will be effected contemporaneously with the purchase or sale of like securities for Other Accounts. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, and in the Investment Manager's exclusive discretion, the Fund may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Fund than it would be if similar transactions were not being concurrently executed for Other Accounts.

## **Item 13-Review of Accounts**

All Client accounts are monitored on a daily basis by the principals of J.W. Asset for performance, composition and market movement. J.W. Asset negotiates custom reporting schedules and content, but these typically include real time execution reports, monthly performance reports, monthly AUM reports, and monthly trade allocation percentages. Clients may also receive periodic reports from their custodians and brokers, which they should compare to J.W. Asset reporting for reconciliation. Investors in the Funds receive audited financial statements on an annual basis.

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

J.W. Asset may pay referral fees or any other benefits to third parties for referring investors. Investors in the Funds do not pay higher advisory fees based on these relationships.

## **Item 15-Custody**

J.W. Asset does not have actual physical custody of Client's assets. Nonetheless, J.W. Asset is deemed to have custody of the assets of the Funds under Rule 206(4)-2 of the Advisers Act because J.W. Asset has the ability to deduct fees from the Funds and its affiliated entity (JW GP, LLC) serves as general partner/managing member for the Delaware Funds and its related persons serve as directors for the Cayman Islands Fund. In accordance with Rule 206(4)-2 of the Advisers Act, J.W. Asset maintains the assets of the Funds with qualified custodians and audited financial statements are furnished annually to all investors in the Funds.

## **Item 16-Investment Discretion**

J.W. Asset has investment discretion for all Client accounts. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

## **Item 17-Voting Client Securities**

To the extent J.W. Asset receives proxies on behalf of Clients, it votes all such proxies in a prudent and timely manner or abstains from voting such proxies in accordance with its Proxy Voting Policy outlined in its Compliance Manual. A copy is available to any client or prospective client upon request. Information on how votes were cast is also available to any Client and any investor in a Fund.

## **Item 18-Financial Information**

J.W. Asset does not have any financial condition that would be likely to impair its ability to meet its commitments to its Clients.