



PART 2A OF FORM ADV: FIRM BROCHURE

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This Form ADV Part 2A brochure (the “Brochure”) provides information about the qualifications and business practices of Melkonian Capital Management, LLC (“MCM,” the “Investment Adviser,” “we,” or “our”). If you have any questions about the contents of this Brochure, please contact Mr. David Zornitsky at (212) 300-6006 or by email at david@melkoniancapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. References in this Brochure to MCM as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

The following changes have occurred to this Brochure since the annual amendment on March 29, 2018. All undefined terms in this Item 2 have the meanings ascribed to them in this Brochure.

- Melkonian’s principal office and place of business has been updated to reflect an office move.
- As described in Item 4, the assets and liabilities of MCM Sebela Holdings LP and MCM Sebela Holdings II LP were transferred to MCM Sebela Holdings III, LP, Series A and Series B, respectively, a new entity managed by the Advisor.
- Item 5 – We have disclosed that MCM, its affiliates and related persons may receive fees related to the investment activities of the Funds in addition to Management Fees and Incentive Compensation and the conflicts of interest associated with the receipt of such fees.
- Item 8 – We have added additional risk factors applicable to the Funds.
- Item 11 – We have provided additional disclosure regarding the personal trading activities of MCM related persons and the conflicts of interest caused by such trading.
- Item 10, 11 and 12 – We have added a disclosure about our allocation policies to Item 12 and have removed prior disclosures regarding allocation policies that were found in Items 10 and 11.
- Item 14 – We have revised the disclosure in this item to disclose that we may receive fees in connection with Advisory Client portfolio investments.

In the future, when we amend our Brochure for its annual update and the amended version contains material changes from the prior version, it will identify and discuss those changes either on this page or as a separate document accompanying the Brochure.

ITEM 3 – TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS.....	4
ITEM 5 – FEES AND COMPENSATION	5
ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	9
ITEM 7 – TYPES OF CLIENTS.....	9
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	10
ITEM 9 – DISCIPLINARY INFORMATION.....	23
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	23
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	23
ITEM 12 – BROKERAGE PRACTICES.....	25
ITEM 13 – REVIEW OF ACCOUNTS.....	26
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION	27
ITEM 15 – CUSTODY	27
ITEM 16 – INVESTMENT DISCRETION	28
ITEM 17 – VOTING CLIENT SECURITIES.....	28
ITEM 18 – FINANCIAL INFORMATION	29

ITEM 4 – ADVISORY BUSINESS

Melkonian Capital Management, LLC (“MCM,” the “Investment Adviser,” “we,” or “our”), a Delaware limited liability company formed in 1998, is an investment management firm located in New York, New York. Mr. Ryan Melkonian (the “Managing Member” or “Chief Investment Officer”) is MCM’s Chief Investment Officer and founding member. MCM provides discretionary investment advisory services solely to privately pooled investment vehicles. The following comprise the private investment funds (each one a “Fund” and collectively the “Funds” or the “Advisory Clients”):

- LTE Partners, LLC, a Delaware limited liability company (the “LTE Master Fund”);
- LTE Partners, Ltd., a Cayman Islands exempted company (the “LTE Offshore Fund”);
- LTE Partners1, LLC, a Delaware limited liability company (the “LTE Onshore Fund” and together with the LTE Master Fund and LTE Offshore Fund, the “LTE Funds”); and
- MCM Sebela Holdings III, LP, a Delaware multi-series limited partnership comprised of three series: Series A, Series B and Series C (“MCMSH”)

The LTE Offshore Fund and the LTE Onshore Funds invest substantially all of their assets in the LTE Master Fund, through a master-feeder fund structure.

LTE Management, LLC (the “Manager”), an affiliate of MCM, serves as the manager of the LTE Master Fund and LTE Onshore Fund. The Manager is responsible for the day-to-day business operations of the LTE Funds and has delegated investment discretion of the LTE Funds to MCM (the “Investment Adviser”) through an Investment Management Agreement.

MCM Advisory, LLC (the “General Partner”), an affiliate of MCM, serves as the general partner to MCMSH. The General Partner is responsible for the day to day business operations of MCMSH and has delegated investment discretion of MCMSH to the Investment Adviser (e.g., MCM) through an Investment Advisory Agreement.

The LTE Funds and MCMSH are referred to collectively in this Brochure as the “Advisory Clients.” “Investors” are investors in or the beneficial owners of interests or shares in the corresponding Fund(s).

MCM has broad and flexible investment authority with respect to the Advisory Clients.

MCM specializes in investment opportunities in private equity, real estate and public markets. Through employing a bottom-up, research-driven approach, MCM targets well vetted investment ideas to assemble a concentrated portfolio of high-conviction holdings. These select investments are carefully monitored and often the firm is able to serve as a value-added partner and influence outcomes.

In 2018, the assets and liabilities of MCM Sebela Holdings LP (“MCM Sebela”) and MCM Sebela Holdings II LP (“MCM Sebela II”) were transferred to MCMSH, Series A and Series B, respectively, a new entity managed by the Advisor. In conjunction, with that transfer of assets, MCM Sebela and MCM Sebela II were terminated and the limited partners of MCM Sebela and MCM Sebela II

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became limited partners of MCMSH, Series A and Series B, respectively. In addition, in 2018, Series C of MCMSH, was organized and issued. The only investment held by the various series of MCMSH are various units of Sebela Holdings LLC, a pharmaceutical company.

MCM Sebela Management, LLC, the General Partner of MCM Sebela and MCM Sebela II was replaced by a new General Partner, MCM Advisory LLC.

The Funds' structures, investment objectives and strategies are set forth in a confidential private offering memorandum (each a "PPM") or limited partnership agreement (each an "LPA") provided to each Investor in the relevant Fund (collectively the "Offering Documents.")

With respect to the Funds, MCM generally does not tailor its advisory services to the individual needs of Investors.

MCM may from time to time in the future, enter into side letter agreements or other similar agreements (collectively, "Side Letters") with one or more Investors that provide such Investors with additional and/or different rights or terms than those set forth in the Offering Documents of the Funds. The modifications are solely at the discretion of MCM and may, among other things, be based on the size of the Investor's investment in the Funds, an agreement by an Investor to maintain such investment in the Funds for a significant period of time, or other similar commitment by an Investor.

MCM does not participate in wrap fee programs.

As of December 31, 2018, MCM has \$193,643,177 of regulatory assets under management on a discretionary basis. MCM does not currently manage any assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

MCM, or an affiliate, is compensated in the form of an asset-based management fee (a "Management Fee") and performance-based compensation or allocation (an "Incentive Allocation"). Investors in the Funds each bear their respective portions of the Management Fee and Incentive Allocation. The specific fee schedules for the Funds are described in detail in the Offering Documents.

The LTE Master Fund will pay to MCM a quarterly Management Fee calculated at an annual rate of 2.0% of each Investor's capital account (the "LTE Management Fee"). The LTE Management Fee will be paid quarterly in advance, based on the value of each Investor's capital account, as of the first business day of each calendar quarter. The LTE Master Fund will not refund any portion of the LTE Management Fee previously paid with respect to any intra-quarter withdrawal. For the avoidance of doubt, each of the LTE Offshore Fund and LTE Onshore Fund will not pay MCM any LTE Management Fee directly, however, as Investors in the LTE Master Fund, the LTE Offshore Fund and the LTE Onshore Fund, and therefore each Investor in such a fund, will bear their pro rata portion of the LTE Master Fund's LTE Management Fee.

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MCMSH will pay to MCM a 2% Management Fee as follows: (a) Series A and Series B: equal to 2% of the gross asset value of each Series as the last day of the most recently ended fiscal year; (b) Series C equal to 2% of the amount of committed capital; (collectively, the “MCMSH Management Fee”).

At the end of each fiscal year (December 31), the General Partner, as the holder of certain allocation class shares in the LTE Master Fund and LTE Holdings, LLC (a wholly-owned subsidiary of the LTE Master Fund that holds certain of LTE Master Fund’s assets), will receive an annual incentive allocation equal to 20% of the net profits (including realized and unrealized gains and losses) attributable to each Investor’s capital account, if any, subject to a loss carryforward provision (the “LTE Incentive Allocation”). In the event that an Investor withdraws/redeems capital (in whole or in part) at any time other than at the end of a fiscal year, the deduction of the LTE Incentive Allocation will be made with respect to such Investor as of the withdrawal/redemption date.

The Manager has waived or modified the LTE Management Fee and/or LTE Incentive Allocation for certain Investors that are members, employees or affiliates of the General Partner or MCM, relatives of such persons, and for certain other Investors.

MCM (or an affiliate) deducts fees from Investors’ assets invested in the Funds. Investors do not have the ability to choose to be billed directly for fees incurred.

The LTE Management Fee will be paid quarterly in advance. The LTE Incentive Allocation will be paid annually.

Series A and Series B of MCMSH will pay the General Partner 20% of the Net Cash Flows, as defined in the Limited Partnership Agreement, that exceed 125% of the initial investment of each individual investor. It should be noted that the 125% hurdle for Series A and Series B has been satisfied. Series C of MCMSH will pay the General Partner 20% of the Net Cash Flows, as defined in the Limited Partnership Agreement, that exceed 100% of the initial investment of each individual investor.

MCM and/or its principals and affiliates may receive director, transaction, origination, commitment, development, monitoring, management services, breakup or broken deal fees and/or similar fees, for their own respective accounts in relation to investment activities of the Funds and such fees will not reduce MCM’s Management Fees and Incentive Compensation.

In addition, the Funds may retain MCM or certain of its affiliates for services relating to certain investments acquired by the Fund, including providing financial, managerial and operational advice to portfolio investments, management, insurance, construction, leasing, development, group purchasing and other property management services and asset management services. Any compensation earned by MCM and/or its affiliates for such services will be retained by them. While MCM will seek to enter into the relevant service agreements on arm’s length terms, MCM has a conflict of interest in selecting itself and/or such affiliates to perform the relevant services as doing so increases compensation paid to MCM or its affiliates, as the case may be. In addition, because such fees are retained by MCM and/or its affiliates, MCM has a conflict of interest in selecting certain investments for the Funds as the Manager may be incentivized to select investments on the basis that they generate fees for it and/or its affiliates, rather than solely basing its decision to invest in an investment on the merits of such investment. Additionally,

affiliated service providers may not have the same independence with respect to the performance of their duties to the Fund as an unaffiliated service provider.

It is critical that Investors refer to their respective Fund's Offering Documents for a complete understanding of how MCM is compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's Offering Documents.

LTE Funds

The LTE Master Fund and LTE Offshore Fund pay all of their organizational expenses in connection with the offering of Interests contemplated hereby, the preparation of the PPMs and the entry into certain contracts to which the Fund is a party. Such expenses are being amortized over a period of sixty months. The Manager may advance payment of any such expenses and will be reimbursed by the LTE Funds therefor.

The LTE Onshore Fund and the LTE Offshore Fund pay all of their (and their pro rata share of the LTE Master Fund's ordinary and extraordinary expenses, including (i) expenses in connection with the organization of each class and in the case of the LTE Onshore Fund, expenses in connection with the reorganization of the LTE Onshore Fund; (ii) all costs and expenses associated with the offering of interests; (iii) brokerage commissions and other transaction costs and investment-related expenses incurred in connection with the LTE Fund's investment and trading activities, including research expenses and the costs of any independent accountants or other experts or consultants engaged by the Investment Adviser in connection with specific investments; (iv) any interest, fees, and costs of LTE Fund-related borrowings; (v) routine operational costs such as legal, accounting, bookkeeping, auditing, consulting and other professional expenses, administration and tax preparation expenses, directors' fees (including affiliated directors' fees), all taxes (if any), costs and expenses related to regulatory compliance matters in respect of or related to the LTE Funds (including the Form ADV and any other filing obligations and in the case of the LTE Offshore Fund, any related filing obligation of the LTE Offshore Fund or the Investment Adviser), and fees payable to governments or agencies; (vi) the cost of any E&O insurance and in the case of the LTE Onshore Fund and LTE Offshore Fund, directors and officers insurance; (vii) research-related travel expenses of the Investment Adviser; and (viii) extraordinary expenses (e.g., litigation costs, indemnification obligations, and costs incurred in connection with a reorganization or restructuring of the LTE Funds), if any.

The LTE Funds also bear a pro-rata share of similar costs and expenses of any pass-through investment vehicle in which they invest, and may also be charged additional asset and/or performance-based fees by investment vehicles that are managed by persons not related to or affiliated with the Manager or Investment Adviser.

Sebela Holdings, LLC, one of the LTE Funds' portfolio companies has agreed to reimburse the LTE Funds for all reasonable expenses incurred by the LTE Funds in connection with its investment in Sebela Holdings LLC.

MCMSH

MCMSH shall pay (or reimburse the Investment Adviser or its affiliates) for all of its organizational expenses, including, but not limited to, legal and accounting costs.

On an ongoing basis, MCMSH shall pay, or reimburse the Investment Adviser for its payment of, to the extent not paid by the portfolio company (as discussed below) or other Person, all of MCMSH' operating expenses, including but limited to those described as follows: (i) costs and expenses incurred in connection with the sourcing, evaluation, acquisition, financing, management, operation or disposition of the investment (whether or not consummated), including, without limitation, placement fees, sales commissions, appraisal fees, taxes, brokerage fees, and legal, accounting, investment banking, consulting, information services and professional fees (which reimbursement may include affiliates of the General Partner) related to the discovery, investigation, development, making, management and disposition of the investment (whether or not consummated); (ii) costs and expenses incurred in connection with the carrying or management of the investment, including without limitation, management, leasing and other administration fees; (iii) expenses incurred in connection with MCMSH's financial statements, reports, tax returns and Schedule K-1's (or similar schedules or other communications with the Investors); (iv) fees and disbursements of attorneys and accountants relating to MCMSH matters; (v) taxes and other governmental charges that may be incurred or payable by MCMSH; (vi) insurance premiums or expenses incurred by the MCM Sebela Fund in connection with the activities of MCMSH; (vii) expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of MCMSH or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving MCMSH, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in MCMSH's Offering Documents; (viii) costs and expenses incurred in connection with the dissolution, winding up or termination of MCMSH; (ix) costs and expenses incurred in connection with distributions to the Investors; (x) expenses incurred in connection with the formation of investment vehicles, if any; (xi) expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of MCMSH, the General Partner and any investment vehicles; (xii) expenses related to MCMSH's indemnification obligations pursuant to MCMSH's Offering Documents; and (xiii) the Management Fees. Sebela Holdings LLC, the portfolio company, reimburses MCMSH for all reasonable administrative, audit, tax, legal and other out-of-pocket expenses incurred in connection with the formation and continued existence and maintenance of MCMSH.

In no event shall MCMSH pay any Overhead Expenses (i.e., rent for the Partnership's place of business, salaries, benefits or other compensation of personnel) of the Investment Adviser or the General Partner.

MCM is responsible for its own general operating and overhead costs including salaries, employee benefits, office rent and other general overhead costs.

Please note that Investors will indirectly incur brokerage and other transaction costs related to their investment in the Funds. Please see Item 12 of this brochure for a more detailed discussion of MCM's brokerage practices.

It should be noted that a complete description of all fees and expenses for the Funds is disclosed within the respective Funds' Offering Documents.

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

As described above in Item 5, the Manager/General Partner receives performance-based compensation from the LTE Master Fund and LTE Holdings, LLC and the General Partner of MCMSH receives performance-based compensation from MCMSH. As a result, MCM believes that it is not subject to the conflict of interest that could arise if the Investment Adviser were to receive performance-based fees or compensation from some but not all of its clients.

It should be noted that the potential to receive performance-based compensation creates a potential conflict of interest in that MCM (or an affiliate of MCM) may have the incentive to make investments that are riskier or more speculative than they would make in the absence of performance-based compensation. And because the performance-based compensation is calculated on a basis that includes unrealized appreciation of the Funds' assets, the performance-based compensation may be greater than if it were based solely on realized gains. MCM recognizes that it is a fiduciary and as such must act in the best interests of its Advisory Clients. Further, Investors are provided with clear disclosure in applicable Funds' Offering Documents as to how the performance-based compensation is charged.

ITEM 7 – TYPES OF CLIENTS

As described above in Item 4, MCM provides discretionary investment advisory services to privately pooled investment funds.

In order to invest in the Funds, a prospective Investor is required to make certain representations as to suitability and legal requirements of the respective Fund.

LTE Funds

Investors in the LTE Onshore Fund must be "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933 (the "Securities Act"). Investors in the LTE Master Fund and the LTE Offshore Fund must be "accredited investors" as that term is defined in Rule 501 of Regulation D of the Securities Act and must also be "qualified purchasers" within the meaning of Section 2(a)(51) and Rule 2a51-1 under the Investment Company Act of 1940.

MCM may also impose minimum initial investment amounts for Investors in the Funds. The LTE Funds impose a \$1 million minimum initial investment amount. The LTE Onshore Fund imposes a \$50,000 minimum for subsequent investments, while the LTE Offshore Fund imposes a \$100,000 minimum for subsequent investments. The minimum investment amounts are subject to waiver at the discretion of MCM (or an affiliate of MCM).

MCMSH

Investors in MCMSH must be “accredited investors” as that term is defined in Rule 501 of Regulation D of the Securities Act.

MCMSH is currently closed to new Investors.

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

Investing in securities involves risk of loss that Advisory Clients and Investors should be prepared to bear. Capitalized terms not defined herein shall have the meaning ascribed to them in the respective Fund’s Offering Document or Subscription Agreements.

LTE Funds

MCM focuses on investment opportunities in private equity, real estate, and public markets. Through employing a bottom-up, research-driven investment approach, MCM targets well vetted investment ideas to assemble a concentrated portfolio of high-conviction holdings.

We partner with management teams to build long-term value in companies by accelerating revenue and earnings growth through operating improvements, strategic repositioning and market expansion.

The LTE Funds may borrow funds in connection with their investment activities, both for leveraging purposes and to acquire investments in anticipation of new capital contributions, as well as to fund withdrawals that would otherwise result in the premature liquidation of investments. The use and amount of leverage will vary throughout the life of the Fund. MCM also may “leverage” the LTE Funds’ investments through their trading in futures, swaps, options and other financial instruments with a substantial degree of “imbedded” leverage (i.e., instruments for which the margin required to establish and maintain a position is low relative to the total value of the instrument). The LTE Funds may enter into credit agreements from time to time for the purpose of facilitating Investor withdrawals, paying fees, covering margin payments and for other general corporate purposes. The credit agreements entered into by the LTE Funds may be secured by the assets of one or more series or classes of Interests, regardless of whether the LTE Funds utilizes the credit facility for the benefit of each series or class of Interests.

MCMSH

MCMSH was organized for the purposes of (i) investing in a private company in the pharmaceutical sector, (ii) financing, holding and selling such investments, (iii) managing and supervising such investments, and (iv) engaging in such other activities incidental or ancillary thereto as the General Partner deems necessary, advisable or desirable, in each case in accordance with MCMSH’s Offering Documents. It should be noted that MCMSH is closed to new Investors.

RISKS

An investment in the Funds managed by the Investment Adviser may be deemed speculative and is not intended as a complete investment program. Investing in the securities markets in general and in the Investment Advisers' funds or accounts in particular involves significant risk. Investments in the funds or accounts managed by the Investment Adviser are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss of some or all of an investment and have a limited need for liquidity.

LTE Funds

An explanation of the material risks associated with investing in the LTE Funds follows. Additional risk factors are set forth in the offering documents of the applicable LTE Funds.

Illiquidity and Volatility. The LTE Funds may be adversely affected by a decrease in market liquidity for certain of the financial instruments that it trades (which could impair MCM's ability to adjust the LTE Funds' positions, balance sheets and risk in response to trading losses or other adverse developments), including as a result of Investors fleeing certain asset classes in which the LTE Funds trade. Illiquid investments may have to be held for lengthy periods of time and may have no readily ascertainable market value. As a result, such Financial Instruments may take more time and expense to value and/or sell, and the realizable price upon a disposition of such financial instruments may differ materially from their fair value. The illiquidity of positions held by the LTE Funds could cause the LTE Funds to suspend calculation of the Net Asset Value of the affected interests or to suspend withdrawals of the affected Interests. In addition, some or all of the LTE Funds' illiquid investments may be deemed "Designated Investments", which could require Investors in the affected interests to maintain an interest in such investments for an extended period. The size of the LTE Funds' positions may magnify the effect of a decrease in market liquidity for the financial instruments it trades. Changes in the overall market leverage (e.g., deleveraging or liquidations by other market participants of the same or similar positions) also may adversely affect the LTE Funds' positions.

Private Investments and Designated Investments. Financial Instruments held by the LTE Funds that are illiquid and/or long term may be classified as Private Investments or Designated Investments. Such investments are subject to the same risks as other types of illiquid investments, including the risk that the LTE Funds will be unable to sell such Financial Instruments at a favorable time or price. The fair value of a Private Investment and a Designated Investment may differ materially from its actual or realizable value. As a result, there can be no assurance that Investors will not experience substantial or complete losses upon the Disposition of a Private Investment or

Designated Investment. In addition, Investors may not withdraw or redeem the portion of their interests or shares participating in Designated Investments, credited to a Designated Investment Account or a Withdrawing Member Designated Investment Account or converted to Redeeming Shareholder Designated Investment Shares prior to their Disposition, and therefore may not be able to withdraw or redeem their interests or shares in such investments for a significant period of time after they have otherwise withdrawn or been redeemed from the Fund.

In cases where the portion of an interest credited to a Designated Investment Account or Redeeming Shareholder Designated Investment Shares are allowed by the Manager to be

withdrawn or redeemed for cash prior to the Disposition of the underlying Designated Investments, this will increase the illiquidity of the remaining Investors' investments by increasing their proportional participation in the Designated Investments owned by the LTE Funds, and may result in the withdrawing or redeeming Investor receiving a withdrawal or redeeming amount that is less than the full value that may be realizable over time by the LTE Funds from the Designated Investments.

Private Equity Investments. Investing in private placements includes the risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including competition from companies with greater financial resources, more expansive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. The LTE Funds may invest in the form of equity or "equity linked" securities. As a result, the rights or claims of the LTE Funds may be subordinate to those of other parties, including debt or senior equity holders, in the event of the failure of any company in which the LTE Funds invest. The companies in which the LTE Funds invest may be thinly traded and undercapitalized and therefore may be more sensitive to adverse business or financial developments. In the event that a company in which the LTE Funds invest is unable to generate sufficient cash flow or raise additional equity capital to meet their projected cash needs, the value of the LTE Funds' investment in such company could be significantly reduced or even lost entirely. Business risks may be more significant in smaller or development-stage companies in which the LTE Funds invest, including intense competition, changing business and economic conditions or other developments that may adversely affect their performance. Profits of the LTE Funds, if any, may be derived from a relatively small number of their investments in private placements. The goal of making investments in companies that will provide superior investment returns will be difficult to achieve. There is no guarantee that the LTE Funds will be able to invest their capital on attractive terms or that returns on such investments will exceed returns on alternative investments available to prospective Investors in the LTE Funds. The ability of the LTE Funds to liquidate their positions and generate profits in investments in private placements may also be adversely affected by a failure of companies in which it invests to comply with registration, conversion, exchange or other obligations under the agreements pursuant to which such securities have been sold to the LTE Funds. Furthermore, the LTE Funds may be prohibited from liquidating their investment in certain private placements.

Although MCM will seek to monitor the performance of each private placement investment in which the LTE Funds invest, it will primarily be the responsibility of each company's management team to operate the relevant company on a day-to-day basis. Although the LTE Funds generally intend to invest in companies with strong management, there can be no assurance that the existing management of such companies will operate the company successfully.

Risks of Acquiring Real Estate Properties. Acquisitions of real estate properties present risk of exposure to contingent obligations from the acquisition of properties or liabilities incurred prior to such acquisition. There may also be risk of uncertainty regarding land surveys or titles. The due diligence process carried out by the LTE Funds in relation to the LTE Funds' acquisitions and any contractual guarantees or indemnities that the LTE Funds may receive from the sellers of such properties may not sufficiently anticipate, protect or compensate the LTE Funds for possible contingencies that occur after the actual acquisition of a property. A significant contingent

obligation related to any of the LTE Funds' acquisitions may adversely affect the LTE Funds or their investments.

Investments in Development and Redevelopment Projects May Not Yield Anticipated Returns.

One component of the LTE Funds' investment strategy is acquiring, directly or indirectly, development properties which will allow the LTE Funds to reposition the asset either through development or redevelopment. To the extent the LTE Funds engage in these development and redevelopment activities, they will be subject to risks normally associated with these projects. The LTE Funds may be unable to obtain financing for these projects on favorable terms or at all, or the LTE Funds may not complete development projects on schedule or within budgeted amounts (including those due to risks beyond the control of the LTE Funds, such as weather or labor conditions or material shortages). Further, the LTE Funds may encounter delays or refusals in obtaining all necessary zoning, land use, building, and other required governmental permits and authorizations. The LTE Funds may also underestimate the costs necessary to bring the property up to the standards established for its intended market position or may be unable to increase occupancy at a newly acquired property as quickly as expected or at all. Any substantial or unanticipated delays or expenses could adversely affect the investment returns from these development or redevelopment projects and impair the LTE Funds' operating results, liquidity and financial conditions. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may continue to experience operating deficits after the date of completion.

Uncontrollable Factors Affecting Performance and Value of Real Estate. Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the LTE Funds' properties as well as the expenses incurred in connection therewith. If any of the LTE Funds' properties do not generate income sufficient to meet operating expenses, including debt service and capital expenditures, the LTE Funds' ownership interest could be adversely affected. Income from, and the value of, the LTE Funds' properties may be adversely affected by (i) changes in the general economic climate; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management of properties; (iv) competition based on rental rates; (v) attractiveness and location of properties; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in operating costs; (ix) changes in interest rates and the availability of financing which may render the sale or refinancing of properties difficult or impracticable; (x) uninsured losses or delays from casualties or condemnation; (xi) government regulations (including those governing usage, improvements, zoning and taxes); (xii) potential liability under changing environmental and other laws; (xiii) structural or property level latent defects; (xiv) acts of God; and (xv) other factors beyond the control of the Manager. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property. Because real estate investments are relatively illiquid, the LTE Funds' ability to vary their portfolio promptly in response to economic or other conditions is limited. The relative illiquidity of their holdings could impede the LTE Funds' ability to respond to adverse changes in the performance of their investments.

Special Risks Associated with Originating Loans and Other Lending-Related Investments. The LTE Funds may originate loans and engage in other lending-related activities that have several

risks associated therewith. Extending credit involves the risk that some loans will not be repaid. Since the borrowers will most likely be businesses with more limited financial resources than larger, more established companies, the LTE Funds may assume a greater risk of loss than might otherwise be the case if it had made loans to larger companies. MCM will attempt to reduce its risk of loss by evaluating each borrower's creditworthiness and the value of its collateral by taking security interests in the borrower's assets, including real property and corporate stock of the borrower, and, in some situations, by obtaining guarantees. However, because such collateral may have limited uses, and because of the forced sale conditions that are generally present in a foreclosure and the holding costs incurred during the foreclosure process, if MCM ultimately was forced to liquidate collateral, there could be no assurance that sufficient funds would be collected to avoid a loss. Furthermore, with respect to loans secured by real estate, there could be additional limitations on the ability of MCM to foreclose on the relevant property, including as a result of government intervention and general economic conditions affecting the real estate market. In addition, any substantial economic slowdown could increase delinquencies, defaults and foreclosures and reduce MCM's ability to originate loans. Periods of economic slowdown or recession may be accompanied by decreased demand for credit, decreased asset values (including real estate values), and an increased rate of delinquencies, defaults and foreclosures. Originating loans also includes risk of invalidation of a transaction as a fraudulent conveyance under creditors' rights laws, lender-liability claims by the issuer of the obligations, environmental liabilities that may arise with respect to the collateral securing the obligations, and limitations on the ability of MCM to directly enforce its rights with respect to borrowers. Lastly, should the LTE Funds or MCM need to collect on a defaulted loan, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, the LTE Funds could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts assignment of a defaulted loan to a third party.

Pricing Information. While pricing information is available for many of the financial instruments in which the LTE Funds invest, observable pricing inputs may not always be available from any source. For purposes of calculating the LTE Funds' Net Asset Value and valuing financial instruments, valuations of financial instruments for which observable pricing information cannot be obtained (including with respect to private investments and Designated Investments) will be made based upon unobservable data that reflect the Manager's own assumptions about the factors that a market participant would use in pricing the financial instruments. Prices quoted by different sources are subject to material variation. While the Manager will make reasonable efforts in good faith to evaluate such information, there can be no assurance that the value of an asset owned by the LTE Funds will be realized upon its disposition. The Manager, and by delegation, the Administrator, may rely upon pricing services reasonably selected by either of them and will not, in the absence of fraud or willful misconduct, be liable for any loss suffered by the LTE Funds or any Investor by reason of any error in calculation resulting from any inaccuracy in the information provided by any pricing service.

Portfolio Valuation. The LTE Funds' investments in illiquid, restricted or other financial instruments without observable pricing inputs may be difficult to value accurately and may be valued based upon unobservable data that reflect the LTE Funds' own assumptions about the factors that a market participant would use in pricing the financial instruments. The LTE Funds may elect not to engage an independent valuation agent to value the relevant financial instruments, and in any event, the valuation of such financial instruments may be subjective and

may fail to reflect the actual value of the financial instruments. In light of the foregoing, there is a risk that an Investor who withdraws all or part of its interest while an LTE Fund (directly or indirectly) holds such investments will be paid an amount less than such Investor would otherwise be paid if the actual value of such investments is higher than the value designated by the LTE Fund. Similarly, there is a risk that such Investor might, in effect, be overpaid, and accordingly the value of the interests of the other Investors might be diluted, if the actual value of the investments in illiquid, restricted or otherwise hard to value financial instruments is lower than the value designated by the LTE Fund. Likewise, an Investor who subscribes while the LTE Funds hold illiquid, restricted or otherwise hard to value financial instruments may underpay for the interest purchased if the actual value of such financial instruments is higher than the value designated by the LTE Funds as of the applicable closing date, or, conversely, may overpay for the interest if the actual value of such financial instruments is lower than the value designated by the LTE Fund. In addition, valuations assigned to such illiquid, restricted or otherwise hard to value financial instruments without observable pricing inputs are taken into account in determining the Performance Allocation and the Management Fee. Because of the subjective nature of valuing such financial instruments, and because the valuations assigned thereto by the Manager may fail to reflect the actual value of the financial instruments, there is a risk that the fees paid to, and allocations made to, MCM and the Manager, as applicable, may not reflect the true value of such financial instruments and there is no clawback of such fees or allocations if the amounts ultimately realized upon the sale of such financial instruments is less than the value assigned thereto by the Manager.

Investments in Undervalued Equity and Equity Related Financial Instruments. The LTE Funds may invest in equity and equity related securities, regardless of market capitalization, including micro and small cap companies. The securities of smaller companies may involve more risk and their prices may be subject to more volatility. While investments in undervalued securities offer the opportunities for above average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the LTE Funds' investments may not adequately compensate for the business and financial risks assumed. The LTE Funds may take certain speculative investments in securities which MCM believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the LTE Funds may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the LTE Funds' assets may be committed to the securities purchased, thus possibly preventing the LTE Funds from investing in other opportunities. In addition, the LTE Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period. If MCM takes long positions in stocks that decline and short positions in stocks that increase in value, then the losses of the LTE Funds may exceed those of other portfolios that hold long positions only.

Exposure to Dynamic Investment Strategy. MCM does not follow one specific investment strategy, but rather, employs different strategies which MCM feels are consistent with the LTE Funds' investment objective. Because MCM may change the LTE Funds' allocation of assets among a variety of diverse investments and strategies at any time, investors in the LTE Funds will be exposed to the risks associated with each of those investments and strategies but will not know at the time of investment, or over the duration of their investment, the precise nature of such exposure. An investment in the LTE Funds therefore involves a high degree of uncertainty and investors will be exposed to a significant degree of risk.

New Strategies. While MCM might develop new investment strategies in the future, any such strategies may not be thoroughly tested before employed and may not, in any event, be successful. Were MCM to attempt to implement new strategies, the risk/reward profile of the LTE Funds could be shifted significantly towards increased levels of risk. The LTE Funds only can be successful if MCM is able to trade and invest successfully, and there can be no assurance that this will be the case.

General Investment and Trading Risks. All Financial Instrument investments present a risk of loss of capital. Such investments are subject to investment specific price fluctuations as well as to macroeconomic, market and industry specific conditions, including, but not limited to, national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. Moreover, the LTE Funds may have only limited ability to vary their investment portfolio in response to changing economic, financial and investment conditions. The LTE Funds' investment program may utilize a wide variety of investment techniques, including futures, option transactions, limited diversification, margin transactions, short sales, forward contracts and other derivative transactions, which practices can, in certain circumstances, substantially increase the adverse impact to which the LTE Funds may be subject. No guarantee or representation is made that the LTE Funds' program will be successful. The market price of Financial Instruments owned by the LTE Funds may go up or down, sometimes unpredictably.

Effectiveness of Risk Reduction Techniques. MCM may employ various risk reduction strategies designed to minimize the risk of its trading positions. A substantial risk remains, nonetheless, that such strategies will not always be possible to implement and when possible will not always be effective in limiting losses. If MCM analyzes market conditions incorrectly or employs a risk reduction strategy that does not correlate well with MCM's investments, such risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These risk reduction techniques may also increase the volatility of the LTE Funds and/or result in a loss if the counterparty to the transaction does not perform as promised.

Trading is Speculative and Volatile. Financial Instrument prices are highly volatile. Price movements for Financial Instruments are influenced by, among other things, changing supply and demand relationships, weather, agricultural, trade, fiscal, monetary, and exchange control programs and policies of governments, U.S. and foreign political and economic events and policies, changes in national and international interest rates and rates of inflation, currency devaluations and revaluations, and sentiments of the marketplace. No assurance can be given that the LTE Funds will be profitable or that they will not incur substantial losses.

Concentration of Investments. There is no limit on the amount of assets that the LTE Funds can invest in any particular position or strategy. Accordingly, a loss in any single position or strategy could have a material adverse impact on the LTE Funds' capital.

Reliance of Fundamental Analysis. MCM may base its trading decisions, in whole or in part, on fundamental analysis. Fundamental trading strategies consider factors, such as inflation, trade balances, inventories and interest rates, which do not have an impact on traditional technical trading strategies, in an attempt to identify investment opportunities. To the extent that such factors provide mixed or conflicting signals, a fundamental trading strategy may not be able to

detect and/or accurately predict price trends. There can be no guarantee that the fundamental trading strategies utilized by MCM will enable it to accurately value the Financial Instruments in which the LTE Funds invests or that any anticipated price trends will materialize with respect to such investments.

Leverage. The low margin and collateral deposits required to trade certain financial instruments may permit a high degree of leverage. The LTE Funds may “leverage” investment returns with options, forwards and other derivative instruments. In addition, the LTE Funds may utilize bank-and/or broker-provided financing in their trading of equities and similar financial instruments and may utilize borrowings for purposes of covering margin requirements applicable to the LTE Funds’ financial instrument positions and to increase the amount of capital available for investment. The degree of leverage that the LTE Funds may utilize is not limited to any predetermined level, but will be subject to applicable legal, regulatory, bank or broker imposed leverage limitations, to the extent applicable. The amount of borrowings the LTE Funds may have outstanding at any time may be large in relation to their capital. Consequently, the level of interest rates, generally, and the rates at which the LTE Funds can borrow, in particular, will affect the operating results of the LTE Funds. While leverage presents opportunities for increasing the returns of the LTE Funds, it also has the effect of potentially increasing losses. If the LTE Funds are in a leveraged position, any losses would be more pronounced than if leverage were not used and, under particularly adverse circumstances, could exceed their capital. The LTE Funds’ use of margin and other borrowings creates certain additional risks to the LTE Funds. In the event of a sudden precipitous drop in the value of the LTE Funds’ assets, the LTE Funds might not be able to liquidate assets quickly enough to cover a margin call or other collateral call.

Short Sales. A short sale involves the sale of a financial instrument that the LTE Funds do not own in the expectation of purchasing the same financial instrument (or a financial instrument exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the LTE Funds often must borrow the financial instrument, and the LTE Funds are obligated to return the financial instrument to the lender, which is accomplished by a later purchase of the financial instrument by the LTE Funds. When the LTE Funds make a short sale of a financial instrument on a U.S. exchange, it must leave the proceeds thereof with a broker and it must also deposit with a broker an amount of cash or U.S. Government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law of the jurisdiction in which such exchange is located. A short sale involves the risk of a theoretically unlimited increase in the market price of the financial instrument. The extent to which MCM engages in short sales depends upon its investment strategy and perception of market direction; the LTE Funds does not necessarily have a policy limiting the amount of capital it may deposit to collateralize its obligations to replace borrowed financial instruments sold short.

Cross Class Liability under Credit Facilities. The LTE Funds may enter into credit facilities from time to time for the purpose of facilitating Investor withdrawals, paying fees, covering margin payments and for other general corporate purposes. The Manager may have the right to allocate the funds available under each credit facility to one or more classes of interests as the Manager determines in its sole discretion. The credit facilities may be secured by the assets of one or more series or classes of interests. In such case, the liabilities and obligations incurred by a particular series or class of Interests (as applicable) under a credit facility would be enforceable against all of the assets of each other series or class of interests. Therefore, a default under a credit facility

by a particular series or class of interests could give rise to a claim against one or more other series or classes of interests and could result in the full or partial liquidation of one or more other series or classes of Interests, regardless of whether the LTE Funds utilize the credit facility for the benefit of such other series or classes of interests.

Options. The purchase or sale of an option involves the payment or receipt of a premium by the Investor and the corresponding right or obligation, as the case may be, either to purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected.

Derivatives. The investment strategy has in the past and may in the future utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment policy. These instruments can be highly volatile and expose Investors and clients to a high risk of loss. Transactions in over-the-counter contracts may involve additional risk, as there is no exchange market on which to close out an open position. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in net asset value, incorrect collateral calls or delays in collateral recovery.

Non-United States Securities. The investment strategy may invest in securities outside of the United States. Investing in securities of foreign governments and companies that are generally denominated in currencies other than the United States dollar, and utilization of foreign currency forward contracts and options on foreign currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Brokerage Firms and Custodians May Fail. The institutions, including the Brokers, with which the LTE Funds do business or to which the LTE Funds' assets have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the LTE Funds. In the event that one of the LTE Funds' Brokers becomes bankrupt and fails to segregate the LTE Funds' assets on deposit as required, the LTE Funds may be subject to a risk of loss for any deficiency. In addition, there can be no guarantee in the event of a Broker's insolvency that the pool of customer property held by the Broker pursuant to applicable law will be sufficient to satisfy all customer claims, including those of the LTE Funds. Further, even if the LTE Funds do not lose their assets on deposit with their Brokers (or other financial institutions with which the LTE Funds may deal), the LTE Funds could incur market losses as a result of financial difficulties at such institutions (including, but not limited to, in situations where the LTE Funds may be unable to access their assets and/or execute transactions through their Brokers or other financial institutions in a timely manner). The inability to access Financial Instruments held with Brokers experiencing financial difficulties (e.g., bankruptcy proceedings) may cause the Manager, in consultation with MCM, to designate such Financial Instruments as Designated Investments. In addition, non-U.S. institutions, including non-U.S. Brokers, may be

subject to different bankruptcy or other regulatory regimes than those applicable to U.S. institutions, and in doing business with such non-U.S. institutions, the LTE Funds may not be afforded certain of the protective measures provided by the SEC, the CFTC and the rules of the National Futures Association and FINRA in the case of certain U.S. Brokers. Although the LTE Funds will attempt to minimize their risk in this area, there is no action that the LTE Funds can take which is completely risk-free. Funds maintained at a Broker as margin to collateralize forward positions are not segregated and therefore are subject to the claims of the general creditors of the Broker in the event of its bankruptcy.

Interests and Shares are Illiquid. Because of the limitations on withdrawals and redemptions and the fact that interests and shares are not tradable, an investment in the LTE Funds is relatively illiquid and involves a high degree of risk. Subscriptions for interests or shares should be considered only by sophisticated investors financially able to maintain their investments, pay the taxes with respect thereto from other sources, and that can afford to lose all or a substantial part of such investments. INTERESTS OR SHARES MAY NOT BE TRANSFERRED OR ASSIGNED WITHOUT THE CONSENT OF THE MANAGER. In addition, a significant portion of the LTE Funds' portfolio will be invested in Private Investments and/or Designated Investments. The portion of any interest or shares participating in a Designated Investment that are credited to a Designated Investment Account or a Withdrawing Member Designated Investment Account or converted to Redeeming Shareholder Designated Investment Shares may not be withdrawn or redeemed at the option of the holder thereof. Due to the illiquid nature of such investments, Investors will be required to maintain any portion of an interest or shares participating in such Designated Investments that are credited to Designated Investment Accounts or Withdrawing Member Designated Investment Accounts or converted to Redeeming Shareholder Designated Investment Shares until Disposition which could take an extended period of time. As a result, there is no certainty as to when an Investor will be withdrawn or redeemed in full from the LTE Funds.

Lack of Management Control by Investors; Limited Voting Rights; No Ability to Replace or Remove the Manager. Investors have limited voting rights and do not participate in the management of the Fund or in the conduct of its business. Moreover, Investors have no right to remove or replace the Manager or terminate the Investment Advisor.

Disaster Recovery and Data Security. In managing the LTE Funds, MCM relies on information technology and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of MCM's information technology systems or data could have a material adverse impact on the operations of MCM and/or the LTE Funds. In addition, a breach in the security of MCM's systems could result in the theft, disclosure, or loss of investor, proprietary, and other sensitive information relating to MCM and/or the LTE Funds, which in turn could lead to litigation in which the LTE Funds could incur liability.

MCMSH

Nature of Investments. See Item 4 for a discussion of the restructuring that took place in 2018. MCMSH was established to invest in a single private company in the pharmaceutical space. It is closed to new Investors and new investments. MCMSH is a multi-series limited partnership

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comprised of Series A which holds Series A Preferred Units, Series B which holds Series B Preferred Units and Series C which holds Series C Preferred Units, all units of Sebela Holdings LLC, the portfolio company.

Concentration. All of the MCMSH investments will be invested indirectly in Sebela Holdings LLC. As a result, if the value of Sebela Holdings LLC declines or goes to zero, the value of the Investors' investments in MCMSH will also decline or go to zero, as applicable.

Financial Market Dislocation and Illiquidity. The upheaval in the U.S. and global financial markets since 2008 continues to create uncertainty and instability for all market participants. The impact of market, legal, regulatory, reputational, and other unforeseen risks affecting market participants cannot be predicted and could adversely affect the business of MCMSH, restrict the ability of MCMSH to acquire, sell, or liquidate investments at favorable times and/or prices, restrict MCMSH investment and trading activities, and impede MCMSH's ability to achieve their investment objective.

Limited Information. Sebela Holdings LLC is and will be managed by its own officers and managers and MCM may not always be provided with detailed information because certain of this information may be considered proprietary information by Sebela Holdings LLC. This lack of access to information may make it more difficult for the General Partner to fully appreciate all the risks involved.

Healthcare Companies. Healthcare companies are generally subject to greater governmental regulation than other industries at both the state and federal levels. Changes in governmental policies may have a material effect on the demand for or costs of certain products and services. A healthcare company must receive government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost-recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the MCMSH revenues and profitability. Expansion of facilities by healthcare providers is subject to "determinations of need" by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare facilities operators and negatively affecting the price of their securities. Certain healthcare companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products which cost less to develop and may cause the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. Finally, because the products and services of healthcare companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits. The share price of a healthcare company can drop dramatically not only as a reaction to an adverse judicial ruling, but also from the adverse publicity and threatened litigation. Because the products and services of healthcare-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits.

Potential of Loss. The past performance of MCM, any of its key personnel, its affiliates or other investment vehicles managed by it is not indicative of the future results of an investment in

MCMSH. There can be no assurance that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an Investor could suffer a substantial loss as a result of an investment in MCMSH. Investors should understand that all investments involve risk and there can be no guaranty against loss resulting from an investment in the MCMSH. Further, an investment in MCMSH is not intended as a complete investment program.

Indemnification of MCM and the General Partner. MCM, the General Partner, and their respective officers, directors, principals, employees, and affiliates will be indemnified by MCMSH and the Investors for any loss or expense suffered or sustained as a result of or in connection with any act performed by such persons within the scope of its/his/her duties under the Investment Management Agreement and the Limited Partnership Agreement, as applicable, or under any agreement related to MCMSH or that Investor, including without limitation, any judgment, settlement, reasonable attorneys' fees and other costs or expenses incurred in connection with the defense of any actual or threatened action or proceeding; provided, however, that such indemnity shall be payable only if the indemnitee acted in good faith and in a manner it reasonably believed to be in, or not opposed to, the best interests of MCMSH and their Investors, and if the indemnitee did not act, or fail to act, with gross negligence, or engage in willful misconduct or fraud.

Interests Are Illiquid. Because Investors may not withdraw their interests (in whole or in part) unless consented to by the General Partner in its sole discretion, an investment in MCMSH is illiquid and involves a high degree of risk. Subscriptions for interests should be considered only by sophisticated investors financially able to maintain their investments, pay the taxes with respect thereto from other sources, and that can afford to lose all or a substantial part of such investments. INTERESTS MAY NOT BE TRANSFERRED OR ASSIGNED WITHOUT THE CONSENT OF THE GENERAL PARTNER. In addition, Sebela Holdings LLC is an illiquid investment for which there is a relatively inactive trading market, making purchases or sales at desired prices or in desired quantities may be difficult or impossible.

Lack of Certain Government Regulation. MCMSH will not register as investment companies under the Investment Company Act. As a result, certain provisions of the Investment Company Act (which, among other things, require investment companies to have a majority of disinterested directors, require securities held in custody to be segregated, regulate the relationship between the investment company and its adviser, and require investor approval before fundamental investment policies can be changed) will not apply to MCMSH.

Disaster Recovery and Data Security. In managing MCMSH, MCM relies on information technology and data management systems, which can fail or be subject to interruption or destruction caused by natural or man-made occurrences such as extreme weather, fires, earthquakes, power loss, telecommunications failures, terrorist attacks, hacking, break-ins, sabotage, intentional acts of destruction, vandalism, or similar events or misconduct. Any failure, interruption, or destruction of MCM's information technology systems or data could have a material adverse impact on the operations of MCM and/or MCMSH. In addition, a breach in the security of MCM's systems could result in the theft, disclosure, or loss of investor, proprietary, and other sensitive information relating to MCM and/or MCMSH, which in turn could lead to litigation in which MCMSH could incur liability.

MCM has in place information security, incident response, backup, and disaster recovery procedures intended to prevent or mitigate damage if such an event occurs. However, a breach could nevertheless occur, and such procedures could fail or be insufficient to avoid, mitigate, or remedy the breach. Moreover, the ever-changing methods and technologies used to obtain unauthorized access to systems through means such as third-party acts, computer error, malicious code, employee error, or malfeasance often are not known until used against a potential target. Therefore, MCM may be unable to anticipate the destructive or invasive methods and technologies that could be used against its systems or to implement adequate protections.

Substantial Fees and Expenses Payable Regardless of Profits. MCMSH will incur obligations to pay for their expenses (including operating, legal, accounting, auditing, research and due diligence expenses). The foregoing expenses are payable regardless of whether any profits are realized.

Lack of Management Control by Investors; No Ability to Replace or Remove the General Partner. Investors do not participate in the management of MCMSH or in the conduct of its business. Moreover, Investors have no right to remove or replace the General Partner or terminate MCM.

General Economic and Market Conditions. The success of MCMSH' investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws. These factors may affect the level and volatility of securities prices and the liquidity of the MCMSH investments. Unexpected volatility or illiquidity could impair the MCMSH profitability or result in losses.

Increased Governmental and Regulatory Scrutiny; Litigation and Regulatory Risks. Governmental scrutiny of the financial services industry has increased dramatically in the past several years. Routine and targeted examinations of hedge fund managers have increased and regulators have been more likely in recent years to commence investigations and bring enforcement actions against industry participants. Responding to examinations, investigations, and enforcement actions is both time consuming and expensive, and would divert the time and effort of MCM's senior management from the business of MCMSH. In addition, commencement of a lawsuit or regulatory proceeding against MCMSH or MCM, regardless of the eventual outcome, could adversely affect the reputation of MCMSH and MCM and could result in the imposition of penalties or limit the ability of MCM to conduct its business and MCMSH to offer interests in jurisdictions with so-called "bad actor" laws. The extent of MCMSH's and MCM's exposure to legal and regulatory matters is unpredictable.

It is very important that Investors refer to the respective Offering Documents for a complete understanding of the material risks involved in relation to Investment Adviser's investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.

ITEM 9 – DISCIPLINARY INFORMATION

Neither MCM nor any of its Supervised Persons or Employees have been the subject of any material legal or disciplinary event required to be disclosed in response to this item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither MCM nor any of our principals or employees is registered as a broker-dealer or a registered representative of a broker-dealer.

Neither MCM nor any of our principals or employees is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

MCM serves as the Investment Adviser to the Advisory Clients. As noted in Item 4 above, affiliates of Investment Adviser serve as the Manager (LTE Management, LLC) of the LTE Funds and as the General Partner (MCM Advisory, LLC) of MCMSH.

As described elsewhere in this Brochure, investments by MCM include board representation and customary shareholder rights. As such, MCM's management persons may have management roles with a private company in the portfolio. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a private company in a portfolio, actions that may be in the best interests of the private company may not be in the best interests of the Fund(s), and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of the Investment Adviser and such individual's duties as a director or officer of such private company in the portfolio.

MCM does not recommend or select other investment advisers for its Advisory Clients or receive compensation from such advisers in a manner that would create a material conflict of interest. MCM does not have other business relationships with other advisers that create a material conflict of interest.

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

MCM has adopted a Code of Ethics (the "Code") designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 ("Advisers Act"). The Code sets forth a standard of business conduct that takes into account MCM's status as a fiduciary and requires "Access Persons" to place the interests of Advisory Clients and Investors above their own interests. Each employee of MCM is deemed to be an Access Person.

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The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of MCM's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code on at least an annual basis.

As required by Rule 204A-1 of the Advisers Act, the Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must also provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person and the report must not be older than 45 days. In addition, Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.

In summary, the Code is designed to (i) prevent improper personal trading by MCM's Access Persons; (ii) prevent improper use of material, nonpublic information about securities recommendations made by MCM or securities holdings of MCM's Advisory Clients; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of Advisory Clients.

Further, MCM's Code of Ethics ensures the protection of nonpublic information about the activities of the Funds. Investors or prospective Investors may obtain a copy of MCM's Code of Ethics by contacting MCM's Chief Compliance Officer, Mr. David Zornitsky at (212) 300-6006 or by email at david@melkonian.com.

As explained in Item 10 above, MCM serves as the Investment Adviser to the Advisory Clients. MCM, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Funds.

Affiliates of MCM serve as the:

- Manager to the LTE Master Fund and LTE Onshore Fund (LTE Management, LLC) and
- General Partner to MCMSH (MCM Advisory, LLC).

The fact that MCM, its employees, affiliates or their related persons have a financial ownership interest in the Funds creates a potential conflict in that it could cause MCM to make different investment decisions than if they did not have such a financial ownership interest. Further, MCM (and/or the Manager or General Partner) charges certain of the Advisory Clients fees based on a percentage of assets under management. Such asset-based fees are payable without regard to the overall success or income earned by those Advisory Clients and therefore may create an incentive on the part of MCM to raise or otherwise increase assets under management to a higher level than would be the case if MCM were receiving a lower fee or no management fee. The receipt of performance-based compensation by the Manager or the General Partner may create an incentive for MCM to make investments for the Advisory Clients that are riskier or more speculative than it otherwise would. Advisory Clients and Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment. Such disclosures have been made in this Brochure and in the Offering Documents for the respective Fund(s).

Related persons of MCM may buy, sell or otherwise invest in securities that MCM also recommends to Advisory Clients. Such related person transactions may occur at the same time

that MCM is making such investments for Advisory Clients and may sometimes be positions that are different than or opposite from the positions taken by Advisory Clients. These practices cause a conflict of interest because the related person engaging in a transaction may be inclined to place his or her interests above that of Advisory Clients' interests. For example, related person transactions in limited opportunity trades could reduce opportunities for Advisory Clients. In addition, transactions for Advisory Clients in the opposite direction from transactions made by related persons could benefit related persons.

As stated above, in order to address these potential conflicts and in recognition of MCM's fiduciary obligations to its Advisory Clients and MCM's desire to maintain its high ethical standards, MCM has adopted a Code of Ethics containing provisions designed to: (i) prevent improper personal trading by MCM's "Access Persons"; (ii) prevent improper use of material, nonpublic information about securities recommendations made by MCM or securities holdings of the Funds; (iii) identify conflicts of interest; and (iv) provide a means to resolve any actual or potential conflict in favor of the Funds.

As required by Rule 204A-1 of the Advisers Act, MCM requires its Access Persons to report their securities transactions on a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. MCM also restricts the personal trading of its Access Persons. In particular, MCM maintains a Restricted List containing the names of securities which Access Persons are generally prohibited from trading.

MCM also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, nonpublic information. Access Persons of MCM are required to certify their compliance with such policies and procedures as well as the Code of Ethics on an annual basis.

ITEM 12 – BROKERAGE PRACTICES

MCM has authority for selecting the broker-dealer used in each transaction for the Advisory Clients and for negotiating the fees to be paid to the broker-dealer in connection with such transactions. MCM recognizes its duty to seek "best execution" as required under the Advisers Act. Consistent with such duty, in determining best execution, MCM takes into account the full range and quality of a broker-dealer's services, including research and other services. As a result, MCM does not select broker-dealers solely on the basis of lowest possible commission costs, but by the best overall qualitative execution.

LTE Funds

Consistent with MCM's policies and procedures, consideration is given to a variety of factors, including but not limited to one or more of the following:

- the general execution and operational facilities of the broker or dealer;
- the type and size of the transaction involved;
- the creditworthiness of the broker or dealer;
- the stability of the broker or dealer;
- execution and settlement capabilities;

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- time required to negotiate and execute the trade;
- research services and MCM's arrangements related thereto;
- overall performance;
- the dealer's risk in positioning the securities involved and
- the broker's commissions and dealer's spread or mark-up.

While MCM's primary consideration in allocating transactions to broker-dealers is to obtain favorable prices and efficient executions, MCM does not have an obligation to, and does not always seek to, obtain the lowest priced execution regardless of qualitative considerations. Commission rates are generally negotiable and thus selecting brokers-dealers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

MCMSH

MCM's investment strategy for MCMSH invests in private transactions that are not executed on an exchange and as such does not utilize brokers. Notwithstanding the above, MCM may in the future utilize brokers and investment banks in connection with the purchase and/or sale of private companies in the portfolio. This is typically done on a very limited basis to remove restrictions from the securities and to help liquidate the securities in the open market. Any such purchases or sales will be executed in accordance with best execution. Although MCM generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

MCM does not participate in any soft dollar arrangements.

MCM does not accept directed brokerage arrangements, whereby a client would require that account transactions must be effected through a specified broker-dealer.

Currently only one client of MCM is eligible to invest in publicly traded securities, the LTE Funds. If MCM obtains additional Advisory Clients that are eligible to invest in publicly traded securities, it will adopt allocation procedures for publicly traded securities. If more than one Advisory Client is eligible to invest in private portfolio companies, MCM will fairly allocate among the applicable funds without regard to MCM's interests. The allocation will be based on certain allocation factors, which will include, but not be limited to, allocation size from the portfolio company, each Fund's liquidity, exposure, guidelines and the appropriateness of the investment for each Fund. MCMSH is closed to new investors and new investments at this time, prior allocations of private portfolio company investments were done based on the allocation factors.

ITEM 13 – REVIEW OF ACCOUNTS

Advisory Client' accounts ("Accounts") are under continuous review with regard to investment policy, the suitability of the investments used to meet policy objectives, cash availability and investment objectives. MCM's Chief Investment Officer conducts the reviews and engages in no

less than weekly discussions regarding the Accounts. The Chief Investment Officer discusses, among other things, investment performance, each Account's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return. In the course of the reviews, the Principle seeks to assure early recognition of any diminution in the value of an investment. Additional or more frequent reviews may be triggered by investment performance, changes in market conditions or other non-market risk analysis.

In addition, the Chief Investment Officer generally reviews Accounts in the event of the realization of certain "events" which drive a contemplated or actual trade or the occurrence of certain other market movements which materially impact the underlying investments of the accounts.

LTE Funds

The Investment Adviser in cooperation with the Manager has directed the Administrator of the LTE Funds to provide to each Investor in the LTE Funds a quarterly statement showing their capital balance, subscriptions, redemptions and net return for the period for their investment in the respective LTE Fund(s). On a periodic basis each Investor will receive a letter from MCM updating them on the progress of the Funds. Each Investor in the LTE Funds also receives, where applicable, annual tax reporting information (K-1s).

MCMSH

The Investment Adviser provides each Investor in MCMSH with annual tax reporting information with account values and periodic updates.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

In addition to the Management Fees and Incentive Fees that MCM receives for managing Advisory Client accounts, MCM and/or its principals and affiliates may receive additional fees in connection with Advisory Client portfolio investments. See Item 5 above for a description of such additional fees.

ITEM 15 – CUSTODY

With respect to the Funds, in accordance with Rule 206(4)-2 of the Advisers Act (the "Custody Rule") MCM is deemed to have custody by virtue of its status as the investment adviser or that an affiliate of MCM serves as the general partner of the Funds. MCM currently utilizes the qualified custodians listed below for the cash and securities comprising the assets of the corresponding Funds.

LTE Funds

- First Republic Bank located at 101 Pine Street, San Francisco, CA 94111;
- Interactive Brokers, LLC located at Two Pickwick Plaza, Greenwich, Connecticut 06830; and
- TD Bank, N.A. located at 1120 Avenue of the Americas, New York, New York 10036.

MCMSH

- First Republic Bank located at 101 Pine Street, San Francisco, CA 94111; and
- TD Bank, N.A. located at 1120 Avenue of the Americas, New York, New York 10036.

To ensure compliance with the Custody Rule, MCM will ensure that the Funds are subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”). The audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles and distributed to each Investor within 120 days of each Fund’s fiscal year end. Investors are encouraged to carefully review such audited financial statements.

Investors in the Funds receive periodic statements from MCM or the Administrator of the respective Fund. These statements should be carefully reviewed. Investors are urged to compare such statements to the information provided in the audited financial statements provided by the Funds’ auditor.

ITEM 16 – INVESTMENT DISCRETION

MCM has discretionary authority to manage the Funds and is authorized to make purchase and sale decisions for the Funds. As explained in Item 4.C above, Investors in the Funds do not have the ability to impose limitations on MCM’s discretionary authority. Prospective Investors in the Funds are provided with an Offering Documents prior to their investment and are encouraged to carefully review the investment strategy set forth in the Offering Documents, along with all other relevant documents and information, and to ensure that the proposed investment is consistent with prospective Investor’s investment goals and tolerance for risk. Investors must 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 in the Funds are subject to the applicable Offering Documents, which include a power of attorney.

ITEM 17 – VOTING CLIENT SECURITIES

MCM understands and appreciates the importance of proxy voting and we have adopted proxy voting and procedures that are designed to ensure that when MCM (or the General Partner) votes proxies with respect to securities held on behalf of our Advisory Clients, such proxies are voted in the Advisory Clients’ best interests, in the judgment of MCM to the extent reasonably practicable. The procedures also require that MCM identify and address conflicts of interest between MCM, its related persons and its Advisory Clients. If a material conflict of interest is identified, MCM will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of our Advisory Clients or whether taking some other action may be more appropriate.

LTE Funds & MCMSH

MCM accepts the authority and has discretionary authority to vote proxies for the LTE Funds and MCMSH with respect to the liquid and private companies held in the Funds. As such, MCM has

adopted proxy voting policies and procedures that address how MCM votes proxies, based on the principle that MCM and its employees have a fiduciary duty to its Advisory Clients (e.g., the Funds) and Investors. Prior to voting any proxies, the Chief Compliance Officer determines if there are any material conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will make a determination (which may include consultation with outside legal counsel) as to whether or not the conflict is material. If no material conflicts have been identified, the proxies will be voted in a manner consistent with the long-term economic interest of the Advisory Client and in accordance with proxy voting instructions provided by the Chief Investment Officer.

Advisory Clients and Investors in the Funds generally do not have the ability to direct proxy votes. MCM delivers proxies in accordance with instructions related to such proxy. MCM keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received, and internal documents created that were material to voting decisions and each Advisory Client request for proxy voting records and MCM's response for the previous five years. Advisory Client and Investors may obtain (i) a copy of MCM's proxy voting policies and procedures and (ii) information on how MCM has voted proxies with respect to the Funds' securities by contacting MCM's Chief Compliance Officer, Mr. David Zornitsky at (212) 300-6006 or by email at david@melkoniancapital.com.

ITEM 18 – FINANCIAL INFORMATION

MCM believes that there is no financial condition that is reasonably likely to impair the Investment Adviser's ability to meet the contractual commitments to our Advisory Clients.