

**ITEM 1: COVER PAGE**

# **Levco Capital LP**

245 Fox Meadow Road  
Scarsdale, NY 10583

Part 2A of Form ADV  
(The “Brochure”)

March 31, 2022

This Brochure provides information about the qualifications and business practices of Levco Capital LP (“Levco”, “we” or “our”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Irwin Levy, at 914-393-9169 or [ilevy@collaborativecap.com](mailto:ilevy@collaborativecap.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.

Levco is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Levco also 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**

Except as provided in this Item 2, this updated Brochure contains no material changes from Levco's prior Brochure dated March 30, 2021.

Levco provides non-discretionary investment advisory services to a high net worth individual client and completed a Form CRS related thereto.

To receive a current copy of this Brochure free of charge, please contact our Chief Compliance Officer at the phone number or email address listed on the cover of this Brochure.

### ITEM 3: TABLE OF CONTENTS

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

#### ITEM 4: ADVISORY BUSINESS

Levco Capital LP (“Levco”) provides discretionary investment management services solely to Collaborative Capital, LLC (“Collaborative”). Collaborative is a “fund of funds” that invests primarily in private equity funds whose strategies include but are not limited to buyout, growth equity, venture capital, distressed debt and real estate. Collaborative also invests in selected single-investment funds (many of which are co-investments offered by the managers of the above-mentioned private equity funds) and, on a limited basis, secondary portfolios (which include interests in companies and/or private equity funds), hedge funds and operating companies. These private equity funds, single-investment funds, secondary portfolios, hedge funds and operating companies are referred to in this Brochure as the “Underlying Funds.” From time to time, Collaborative offers a new class (each, a “Class”) of limited liability company interests to invest in one or more Underlying Funds.

Levco manages Collaborative’s assets in accordance with Collaborative’s private placement memorandum and limited liability company agreement, as supplemented and/or amended by the relevant Class supplements (collectively, “Offering Documents”). Investors may not place restrictions on Levco’s investing for Collaborative.

Levco’s investment management services provided to Collaborative primarily consist of sourcing, vetting, and selecting Underlying Funds, monitoring the performance of these Underlying Funds and performing certain administrative services. Levco follows the investment objective and policies as specified in Collaborative’s Offering Documents.

Levco was founded in 2000 as Levco Capital, LLC and was reorganized in March 2018 as a limited partnership and renamed Levco Capital LP, the general partner of which is Levco Capital GP LLC. Levco’s principal owners are Irwin Levy (who serves as Chief Executive Officer, Co-Chief Investment Officer and Chief Compliance Officer) and Jon Levy (who serves as President and Co-Chief Investment Officer).

As of December 31, 2021, Levco managed approximately \$504,400,000 in regulatory assets under management on a discretionary basis via Collaborative, including committed capital that may be called by Collaborative from its members.

Levco also provides non-discretionary investment advisory services to a separately managed account client who is a high net worth individual (the “Account Client”), including conducting periodic reviews and making non-binding recommendations based on such reviews regarding the selection and performance of asset managers (who are not affiliated with or related to Levco) (the “Asset Managers”) to manage and invest a designated portion of the Account Client’s assets on a discretionary basis. Given the nature of these non-discretionary advisory services performed by Levco, and that Levco has no trading authority, Levco has no regulatory assets under management attributable to the Account Client.

#### ITEM 5: FEES AND COMPENSATION

*Collaborative.* Collaborative pays Levco management fees in exchange for Levco’s investment management services. Management fees may range from an annual rate of 0.5% to 2.0% depending on the Class of interests issued by Collaborative, payable quarterly in advance based on the following:

- (i) for any calendar quarter falling during the investment period for the applicable Class, committed capital attributable to such Class and
- (ii) for any calendar quarter falling after the expiration of the investment period for such Class, the “fair value” of the interests in the Underlying Fund determined as provided below in this Item 5 as of the immediately preceding fiscal year-end (except for certain Classes enumerated in Collaborative’s limited liability company agreement) plus cash held by the Class, the value of any

temporary investments held by the Class and other assets of such Class less accrued expenses, debt and other liabilities and obligations of such Class less accrued carried interest amounts distributable to Levco Capital Investors with respect to the Class, as described in Item 6.

The “fair value” of the interests in the Underlying Funds will be based on the values provided by the Underlying Fund managers provided that, if no such valuations are provided by an Underlying Fund, or if Levco so determines, then the values will be based on such other valuation that Levco in its sole discretion determines to be appropriate. The valuations of the Underlying Fund interests are subject to adjustment based only on the finalization of such values as reflected in the audited financial statements of Collaborative for the immediately preceding Fiscal-Year but shall not otherwise be subject to other intra-year adjustment or reconciliation (except for certain enumerated Classes in Collaborative’s limited liability company agreement which are subject to quarterly or monthly adjustments as provided therein). Management fees are generally deducted from Collaborative’s assets.

The only payments that Collaborative makes to Levco or Levco’s affiliates are (a) the management fees described above, (b) “carried interest” distributions to Levco Capital Investors described in Item 6 below, (c) reimbursements for expenses advanced by Levco on Collaborative’s behalf and for the In-House Fund Expenses provided below and (d) interest payments made by Collaborative to Levco or a Levco related party in connection with a loan made by such party to Collaborative as provided in Item 14 hereof.

Collaborative is responsible for any and all of its operating expenses including: investment related expenses (i.e., expenses which Levco reasonably determines to be related to the investment of Collaborative’s assets), including Collaborative’s allocable share of the management fees and other expenses of Underlying Funds and other entities in which Collaborative invests, research and due diligence expenses; all taxes, withholding and transfer fees, and tax preparation expenses; legal fees and expenses; accounting and auditor fees and expenses; administrator fees and expenses; insurance expenses; liquidation expenses of Collaborative and the relevant Class; consultants’ fees and expenses; regulatory expenses; filing and registration fees; expenses incurred in connection with the offering and sale of the interests; borrowing expenses, including non-usage fees and line of credit charges; extraordinary expenses (such as litigation related expenses and indemnification; and such expenses set forth in the following paragraph.

Certain or all of the administrative, reporting and other services with regard to Collaborative, or any particular Class, may be performed by personnel of Levco and, to the extent Levco determines that the aggregate fees and expenses attributable thereto (which may include Levco’s good faith estimate of a portion of the salaries payable by Levco to its personnel performing such functions and software utilized by Levco) are generally consistent with the aggregate costs customarily charged by third-party professionals for providing such services, such costs (“In-House Fund Expenses”) will be borne by Collaborative.

As withdrawals from Collaborative are not permitted, pro-rating of the management fees is not generally applicable. If, however, Levco ceases to serve as the investment manager of Collaborative during a billing period, the management fees payable by Collaborative for such billing period will be pro-rated based on the number of days during such billing period that Levco served as investment manager and Levco will refund any excess.

Fees and terms are not negotiable except in limited circumstances at Levco’s sole discretion.

*Account Client.* Levco also receives a fixed monthly fee from the Account Client, payable on the first business day of each calendar month in satisfaction of the payment for such calendar month (e.g., payment of the fixed fee on January 1 shall relate to the month beginning January 1 and ending January 31). Such fixed fee is not based on asset size of the Account Client. Account Client pays such fee directly as Levco does not have access to the Account Client’s account. Termination of the agreement with the Account Client is effective as of month-end, so mid-month terminations of the agreement with the Account Client, and corresponding rebates of the fixed fee, are not anticipated.

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

An affiliate of Levco, Levco Capital Investors, LLC (“Levco Capital Investors”), is generally entitled to a “carried interest” on Collaborative’s profits in accordance with Collaborative’s Offering Documents. The carried interest is generally equal to 10% of profits and is subject to a preferred return.

The existence of Levco Capital Investors’ carried interest may create an incentive for Levco (an affiliate of Levco Capital Investors) to make more speculative investments on behalf of Collaborative than Levco would otherwise make in the absence of such performance-based arrangements.

As discussed herein, Levco provides only non-discretionary and non-binding recommendations to the Account Client from time to time regarding Asset Managers who have (or are proposed to have) discretionary authority over an allocated portion of the Account Client’s portfolio. The Account Client does not pay Levco or any of its affiliates or related parties any performance-based fees for the non-discretionary services rendered under the agreement with Levco.

## **ITEM 7: TYPES OF CLIENTS**

As discussed in Item 1 above, Levco provides investment management services to Collaborative, which is a “fund of funds.” Interests in Collaborative are offered exclusively to sophisticated investors who qualify as “accredited investors” as defined under Regulation D of the Securities Act and “qualified purchasers” as defined under the Investment Company Act of 1940. Although Collaborative generally seeks minimum commitments of \$250,000, Levco can waive such minimums at its discretion.

Levco also provides non-discretionary services to the Account Client, a high net worth individual.

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

### *METHODS OF ANALYSIS & INVESTMENT STRATEGIES*

Collaborative’s investment objective is to achieve a risk-adjusted rate of return that is superior to the risk-adjusted rates of return that have typically been associated with investments in publicly traded securities or mutual funds, in general. As described in Item 4 above, the investment strategy employed to achieve this objective is primarily to invest in a variety of private equity funds and single-investment funds, as well as, on a more limited basis, secondary portfolios, operating companies and hedge funds.

Levco’s methodologies for evaluating Underlying Funds are described below. These descriptions are for illustrative purposes and should not be construed to describe Levco’s analysis of any particular Underlying Fund. In certain cases, many of the steps described below are not possible or feasible.

Levco’s evaluation of private equity funds typically takes into consideration many factors, including the investment acumen, leadership ability, and investment performance track record of the fund manager; the merits and sustainability of the Underlying Fund’s investment focus and strategy; and the economic and other contractual terms governing the Underlying Fund. Due diligence activities may include evaluating the performance records of previous funds, meeting with the management of the Underlying Fund, holding discussions with the management of portfolio companies, and holding discussions with other investors in the previous and the new Underlying Funds. In addition, personal and business references are checked and evaluated and normal due diligence undertaken. On an ongoing basis, Levco reviews annual reports and financial statements when available, generally attends annual investor and advisory board meetings when applicable, and has face-to-face or virtual ad hoc visits with the Underlying Fund manager. Most of the above-mentioned methodologies apply to Levco’s evaluation of hedge funds as well.

Levco's evaluation of single-investment funds (which typically take the form of co-investments offered by managers of the private equity funds in which Collaborative invests) and operating companies generally involves a "deep dive" on the target company. This process often begins with an appropriate evaluation of the industry in which the company operates, including an analysis of industry trends, impact of the present stage of the business cycle, and/or the interpretation of the political, economic, social and market trends. Levco then endeavors to analyze the company's growth trends, historical performance, financial position, competitive landscape, management team, marketing strategies and product quality. Levco also studies the specifics of the financing, including a detailed analysis of valuation, structure, the sourcing of and competition for the deal, the exit plan, and any fees associated with the deal. These analyses generally begin with a review of the memos and models generated by the Underlying Fund manager offering the investment opportunity and a series of discussions with the Underlying Fund manager to gauge the robustness of his or her investment thesis. To varying extents depending on feasibility, Levco may perform direct product analysis and company research. On an ongoing basis, Levco reviews periodic reports and financial statements when available and has face-to-face or virtual ad hoc visits with the Underlying Fund manager offering the opportunity and, in certain circumstances, with the company's key executives.

With respect to investments in secondary portfolios (which include companies and/or private equity funds), Levco typically conducts a bottom-up analysis of the companies and funds in the portfolio. Levco also assesses the fund manager responsible for managing the portfolio and his or her strategy for realizing existing investments and, if applicable, making future investments. Levco may utilize portfolio company information obtained from financial reports, any relevant independent reports on portfolio companies, their competitors, and their industries, and interviews with fund managers and portfolio company management teams. Increased focus is given to those companies that are likely to have the largest impact on the overall future performance of the potential investment. The information is synthesized to perform an independent valuation of the portfolio and project its expected performance in order to make appropriate investment decisions.

## **RISKS**

*PRIVATE EQUITY AND HEDGE FUND INVESTING INVOLVE SUBSTANTIAL RISKS AND, THEREFORE, SHOULD BE UNDERTAKEN ONLY BY PROSPECTIVE INVESTORS CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH AN INVESTMENT AND BEARING THE RISKS SUCH AN INVESTMENT PRESENTS. PRIVATE EQUITY AND HEDGE FUND INVESTING INVOLVE RISK OF LOSS, INCLUDING RISK OF LOSS OF THE ENTIRE INVESTMENT, THAT CLIENTS SHOULD BE PREPARED TO BEAR.*

Set forth below is a summary of the key risks presented by our investment strategies. The following is not a complete list of all risks involved in connection with these strategies. There can be no assurance that Collaborative will be able to achieve its investment objective or that the investors will receive a return on their capital.

The long-term focus of private equity investing and the limited liability company and/or limited partnership structure may not be suitable for all investors. Because of the risks involved, the lack of a public market for interests in Collaborative and restrictions on transfer of interests, investment in Collaborative is only suitable for sophisticated investors who are willing to hold their interests for an extended period of time and who understand that they may lose all or a significant portion of their invested capital. Collaborative's Underlying Funds are expected to hold their investments for a number of years and, in turn, Collaborative is expected to hold its investments for a number of years.

Within private equity, particular investment strategies have specific risks. There are a number of significant risks, any one of which could cause a Collaborative investor to lose all or part of the value of his or her investment. Those significant risks include, but are not limited to, the following:

- *Venture Capital and Growth Equity Investments.* Collaborative's Underlying Funds may make venture capital and growth equity investments. Such investments involve a high degree of business and financial

risk that can result in substantial losses. Such companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, which could result in the loss of the entire investment. The directors of such companies may lack managerial experience, particularly of cash flow management and budgeting. Such companies may face strong competition or need substantial additional capital to support or to achieve a competitive position. The availability of capital is generally a function of capital market conditions that are beyond Levco's control or the control of the underlying private equity funds or portfolio companies. There can be no assurance that any portfolio company will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. There can be no assurance that any such losses will be offset by gains (if any) realized on Collaborative's other investments.

In addition, certain of the Underlying Funds may make investments in the technology sector. The technology sector involves many risks including rapidly changing market conditions and/or participants, new competing products and/or improvements in existing products. Technology companies may be dependent upon products that become obsolete or are adversely affected by competing products.

- *Buyout Transactions.* Collaborative's Underlying Funds may invest in leveraged buyouts; leveraged buyouts by their nature require companies to undertake a high ratio of leverage to available income. Leveraged investments are inherently more sensitive to declines in revenues and cash flows and to increases in interest rates and expenses than non-leveraged transactions. Increases in interest rates could also make it more difficult for private equity funds to access and consummate acquisitions because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher relative price due to a lower overall cost of capital or because the minimum targeted return on investment of such private equity fund is unachievable on such acquisition given the cost of the leverage that would be required. Recent constrictions in the availability of certain types of capital in the credit markets could also have a similarly adverse effect on the ability of funds to invest in leveraged buyouts, or to invest in such buyouts on attractive terms.
- *Investments in Special Situation, Recapitalization, and Distressed Debt Transactions.* Collaborative's Underlying Funds may invest in securities of financially troubled companies or companies involved in work-outs, liquidations, reorganizations, recapitalizations, bankruptcies and similar transactions and securities of highly leveraged companies. While these investments may offer the potential for high returns, they also bring with them correspondingly greater risks. Such investments involve companies that are experiencing or are expected to experience financial difficulties, which may never be overcome. Such investments could, in certain circumstances, subject Collaborative's Underlying Funds (and thereby Collaborative) to certain additional potential liabilities. For example, under certain circumstances, a payment by such a company could be required to be returned if such payment is later determined to have been a fraudulent conveyance or a preferential payment.
- *Credit Investments.* Collaborative's Underlying Funds may invest in debt securities, including loans, term debt and credit facilities for certain companies. While these types of investments are intended to provide current income while preserving capital, they are generally subject to creditor risk. For example, borrowers under the loans in which the Underlying Fund invests may not fulfill their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans which could substantially reduce the return from the loan or result in loss of principal.
- *Real Estate Investments.* Collaborative's Underlying Funds may directly or indirectly invest in real estate. The value of real estate fluctuates depending on conditions in the general economy and the real estate business. The factors that affect the value of real estate investments include, among other things: national, regional and local economic conditions; the condition of financial markets; developments or trends in a



particular industry; competition from other available space; local conditions such as an oversupply of space or a reduction in demand for real estate in the area; management of properties; the development and/or redevelopment of properties; changes in market rental and occupancy rates; the timing and costs associated with property improvements and rentals; changes in operating expenses; the financial condition of tenants; availability of obtaining financing on acceptable terms; fluctuations in interest rates; changes in zoning laws and taxation; government regulation; potential liability under environmental or other laws or regulations; and acts of God, terrorist attacks, social unrest and civil disturbances. The value of the Underlying Fund's investments directly in real estate or in debt secured thereby may decline as a result of adverse changes in any of these factors. In addition, adverse changes in the real estate market increase the probability of default, as the equity in the underlying property declines. Investing in real estate and real estate-related instruments is subject to cyclicalities and other uncertainties. There can be no assurance as to the Underlying Fund's performance in a weaker market or weakened economy. The cyclicalities and leverage associated with real estate and real estate-related investments have historically resulted in periods, including significant periods, of adverse performance, including performance that may be materially more adverse than the performance associated with other investments.

- *Non-U.S. Investments.* Collaborative's Underlying Funds may make international investments including investments in emerging markets, which involve risks not otherwise present in domestic investments. Such risks include fluctuations in foreign exchange rates, political and economic developments, the imposition of exchange controls, and other significant risks.
- *Hedging.* Certain of the Underlying Funds (and Levco) may employ hedging techniques that could involve a variety of derivative transactions. While these transactions attempt to reduce risk, they may entail other risks which become especially pronounced during periods of extreme volatility. Thus, while the Underlying Fund may benefit from the use of hedging, the Underlying Fund may experience a material financial loss or worse overall performance than it would have if it had not entered into any transaction involving such instruments, due to unanticipated changes in interest rates, securities prices, or currency exchange rates.
- *Concentration.* Certain of the Underlying Funds may concentrate their investments in only a limited number of (or, in certain cases, only one) companies or investments. This concentration could cause a proportionately greater loss than if a larger number of investments were made.
- *Control Positions.* The Underlying Funds may take control positions in companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. If these liabilities were to occur, Collaborative would likely suffer losses in its investments through the applicable Underlying Fund.

As previously mentioned, while Collaborative primarily invests in private equity, Collaborative, on a limited basis, occasionally invests in hedge funds as well. Depending on the types of companies in which these hedge funds invest, some or all of the private equity risks mentioned above may apply. While hedge funds generally enjoy superior liquidity relative to private equity funds, hedge funds carry a number of their own significant risks, any one of which could cause a Collaborative investor to lose all or part of the value of his or her investment. Those significant risks include, but are not limited to, the following:

- *Equity Risk.* The market price of securities owned by Collaborative's underlying hedge funds may go up or down, sometimes rapidly or unpredictably. A risk of investing in a hedge fund is that the equity securities in its portfolio will decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The values of equity securities may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular

industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. In addition, securities which the hedge fund manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame the hedge fund manager anticipates. As a result, the hedge fund may lose all or substantially all of its investment in any particular instance.

- *Substantial Withdrawals.* Substantial withdrawals by investors in a hedge fund may limit the ability of the hedge fund manager to successfully implement the investment program of the hedge fund and could negatively impact the value of the interests being withdrawn and the interests that remain outstanding. In addition, the reduction in the hedge fund's assets due to substantial withdrawals by investors may make it more difficult for the hedge fund to generate profits or recover losses. Substantial withdrawals could result in the hedge fund holding a greater concentration of illiquid investments than was previously the case and could adversely affect the hedge fund's investment mix. Investors in the hedge fund may not receive notification of withdrawal requests made by other investors and may not have the opportunity to withdraw their interests or portions thereof prior to or at the same time as the withdrawing investors. Furthermore, substantial redemption requests in a concentrated period of time could require the hedge fund to liquidate certain investments more rapidly than might otherwise be desirable in order to raise cash to fund the redemptions and achieve a portfolio appropriately reflecting a smaller asset base and could limit the ability of the hedge fund manager to successfully implement the investment program of the hedge fund.
- *Short Selling.* A hedge fund's investment portfolio may include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows a hedge fund to profit from a decline in the price of a particular security. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a hedge fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase, and a hedge fund may be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices. Any of these factors could make a hedge fund unable to execute its investment strategy. In addition, regulatory rules that restrict short selling and/or force investment firms to publicly report their short positions (both of which have been adopted in certain cases in the past) could negatively impact a hedge fund's ability to execute its investment strategy.

As Collaborative is a "fund of funds," (i) Levco, in order to diversify among strategies and markets, selects a number of Underlying Funds that invest independently of one another; however, for a variety of reasons, such as the fact that Underlying Funds may nevertheless pursue similar investments, there can be no assurance that Collaborative's diversification strategy will be successful, (ii) Collaborative will not have the right to participate in the management, control or operation of the Underlying Funds or evaluate much of the relevant economic, financial and other information which will be utilized by the Underlying Fund managers in their selection, structuring, monitoring and disposition of investments, and (iii) the Underlying Funds that are hedge funds may take competing positions resulting in Collaborative indirectly incurring certain transaction costs without accomplishing any net investment result.

Collaborative has issued, and intends to issue in the future, multiple Classes of interests. Each Class holds its own investment(s). Gains attributable to an investment held by any one Class will not be offset with the losses attributable to an investment held by any other Class in calculating the management fee payable to Levco, and the carried interest allocable to Levco Capital Investors, with respect to the Class. As a result, a member holding interests in more than one Class may be subject to a carried interest with respect to one Class notwithstanding that another Class held by the member sustained losses such that the member has an overall net loss position with respect to its investment in Collaborative.

Once again, the risks discussed above do not constitute a complete list of all risks involved in connection with Collaborative's investment strategies. A more complete discussion of investment risks, investment advisor risks, risks related to fund structure and other risks is contained in Collaborative's Offering Documents, as well as the private placement memoranda, limited partnership agreements and/or due diligence questionnaires of Collaborative's Underlying Funds, all of which should be read carefully by prospective investors. Levco's investment strategy involves a risk of loss that investors should understand and be prepared to bear.

#### **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of Levco's advisory business or the integrity of its management.

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

Neither Levco nor its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Levco nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Because some of the officers of Levco may have duties in connection with other investment funds, such officers may have conflicts of interest in the allocation of responsibilities, services and functions among Collaborative and other entities and matters. Irwin Levy, who serves as Chief Executive Officer, Co-Chief Investment Officer and Chief Compliance Officer of Levco, devotes as much of his time to the affairs of Levco as he considers necessary and appropriate. Jon Levy, who serves as President and Co-Chief Investment Officer of Levco, devotes substantially all of his business time to the business and affairs of Levco. Irwin Levy (when he was a partner in the law firm of Levy, Holm, Pellegrino & Drath LLP) previously rendered legal services to certain Underlying Funds (or affiliates thereof) in which Collaborative has invested or may invest; as a result, Levco may have an incentive to invest Collaborative's assets in such Underlying Funds in recognition of Irwin's other relationships with the Underlying Funds.

Irwin Levy is the managing member of Levcap, LLC ("Levcap"), which manages and serves as investment advisor to certain private investment vehicles that invest exclusively in real estate. These investment vehicles pay management fees and carried interest to Levcap. Irwin Levy and Jon Levy are both principal owners of Levcap. Neither Levcap nor any of the real estate investment vehicles that Levcap advises has any economic arrangements with Collaborative or Levco that are material to Collaborative or Levco or create a material conflict of interest, and Levcap's activities do not preclude (a) Irwin Levy from devoting as much of his time to the affairs of Levco as he considers necessary and appropriate, or (b) Jon Levy from devoting substantially all of his business time to the business and affairs of Levco. While Irwin Levy and Jon Levy's economic interests in Levcap may create a disincentive for Collaborative to make real estate investments, we believe this fact in no way hinders Collaborative's ability to meet its investment objective as Collaborative would and does participate in real estate opportunities (via real estate private equity) when risk-adjusted returns and investment horizons meet Levco's criteria.

Irwin Levy also manages and serves as investment advisor to Metropolis 76, LLC ("Metropolis 76"), a private investment vehicle that is invested in a single real estate asset. Metropolis 76 does not pay management fees or carried interest to Irwin Levy. Metropolis 76 has no economic arrangements with Collaborative or Levco that are material to Collaborative or Levco or create a material conflict of interest, and Irwin Levy's activities with respect to Metropolis 76 do not preclude him from devoting as much of his time to the affairs of Levco as he considers necessary and appropriate.

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

In accordance with Rule 204A-1 of the Investment Advisers Act of 1940, Levco maintains a Code of Ethics. The Code of Ethics sets forth a standard of conduct expected of all employees and addresses certain other matters including the misuse of nonpublic information, insider trading and, personal trading activity. Certain employees are also required to provide information concerning their personal securities investment activities. This information is reviewed by Levco to determine if an employee's personal trading activity is inconsistent with the employee's duties to Levco or the interest of Collaborative or the Account Client. The Code of Ethics reminds employees of Levco's (and, therefore, the employees') obligations to Collaborative and to the Account Client and their obligations to comply with federal securities laws. Each employee is required to acknowledge receipt of the Code of Ethics and certify compliance on an annual basis. A copy of the Code of Ethics is available to Collaborative, its investors or prospective investors, or the Account Client upon request.

While Irwin Levy's participation in Collaborative's Underlying Funds typically occurs through his interest in Collaborative, Irwin Levy has, on occasion, committed capital directly to such Underlying Funds. We do not believe this practice presents any material conflict of interest as Collaborative's generally simultaneous capital commitment does not impact the value of Irwin Levy's current or future personal investments and Irwin Levy has never sold such personal investments on the secondary market nor do Irwin Levy's investments impact the ability of Collaborative to invest in opportunities it historically targets. While in theory Collaborative's capital commitment to an Underlying Fund in which Irwin Levy has committed personal capital could formally or informally improve Irwin Levy's rights or privileges in the Underlying Fund and his influence with the Underlying Fund's manager, in practice Levco acts in good faith to select for Collaborative only those investments that, in Levco's judgment, will help Collaborative achieve its investment objective.

To the extent an employee of Levco wishes to make a personal investment or capital commitment and/or sell a personal investment on the secondary market before or at approximately the same time that Levco recommends the same or similar investment recommendation to Collaborative, such employee must first receive approval from our Chief Compliance Officer (or, if the employee in question is our Chief Compliance Officer, then our President) to ensure that such personal investment decision does not negatively impact the prospects or increase the risks for Collaborative's current or future investments. Furthermore, as required by Rule 204A-1 of the Advisors Act, all employees (including Irwin Levy) must receive prior approval to make an investment in any private investment (including a private fund) or any IPO.

## **ITEM 12: BROKERAGE PRACTICES**

Levco does not make regular use of brokers for the purposes of purchasing or selling securities on behalf of Collaborative because the securities that Levco typically purchases or sells on behalf of Collaborative are interests in private funds.

From time to time, Levco uses brokers to sell public stock received in the form of stock distributions from Underlying Funds. In these instances, brokers are selected on the basis of recommendations from the Underlying Fund and Levco's assessment of the quality of the brokerage services, ease and efficiency of transaction execution, commission rate, financial responsibility and responsiveness to us consistent with Levco's best execution responsibilities.

We do not receive soft dollar benefits or client referrals from broker-dealers in connection with Collaborative transactions. Furthermore, as Levco provides discretionary investment management services to only one client, it does not aggregate purchases and sales of securities.

Levco does not provide discretionary services, nor does it have any regulatory assets attributable to, the Account Client and is not involved in selecting brokers for the Account Client's portfolio.

### **ITEM 13: REVIEW OF ACCOUNTS**

*Collaborative.* Levco's Co-Chief Investment Officers review Collaborative's investments on no less than a quarterly basis, and written reports are distributed to Collaborative investors on no less than an annual basis (and typically more frequently). These reports include valuation of investments and a description of investment performance. Levco's Co-Chief Investment Officers are also available on an ad hoc basis to review investments with Collaborative investors if desired.

Collaborative investors receive capital account statements on an annual basis. Quarterly capital account statements are available upon request using the contact information on the cover page.

Collaborative investors are provided with audited annual financial reports and annual tax information.

*Account Client.* Levco reviews the Account Client's portfolio, including performance of the Asset Managers with discretionary authority over the portfolio, on a periodic basis as determined by Levco or requested by the Account Client.

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

No one, other than Collaborative, provides an economic benefit to Levco for providing investment advice or other advisory services to Collaborative. No one, other than the Account Client, provides an economic benefit to Levco for providing investment advice or other advisory services to the Account Client.

Levco does not currently have any arrangements with third parties to refer prospective clients to Levco or prospective investors to Collaborative. If, in the future, we choose to engage such a solicitor, we will do so in accordance with the applicable provisions of the Investment Advisers Act of 1940, as amended.

From time to time, as discussed in Item 5, Levco, its affiliates and/or its related parties (Levco and such affiliates and related parties, one or more of whom may be members of Collaborative, the "Levco Covered Persons") may provide interim financing or other forms of credit to Collaborative or any particular Class thereof for the purposes contemplated in the Offering Documents. Although a Levco Covered Person will do so only on terms, taken as a whole, believed by Levco to be appropriate for Collaborative and at competitive market rates, it is possible that the interests of the Levco Covered Person as a lender could be in conflict with those of Collaborative and the interests of its members. Levco may encounter conflicts where, for example, a decision regarding the acquisition or disposition of an investment is considered attractive or advantageous for Collaborative yet poses a risk of economic loss of principal to a Levco Covered Person as lender. Furthermore, a Levco Covered Person may be incentivized to provide such financing as a result of the interest payable to the Levco Covered Person on such borrowing. As a result, Levco has implemented certain internal procedures for the approval of any such loans to Collaborative by a Levco Covered Person. Specifically, Irwin Levy or, if Irwin Levy or his related party is originating the loan, then Jon Levy will (i) approve all loans proposed to be made by a Levco Covered Person to Collaborative and (ii) ensure that (A) the loans made by a Levco Covered Person are provided on competitive market terms and in accordance with the disclosures in the relevant Offering Documents and (B) none of the Levco Covered Persons will be granted a pledge of unpaid capital commitments or of Collaborative's investments or assets in connection with any such loan. Disclosure regarding the aggregate interest payable to Levco Covered Persons on these short-term loans in a fiscal year is reflected in the audited financial statements of Collaborative for such fiscal year. Loans are typically provided

by a Levco Covered Person when financings are not readily available from Collaborative's third-party lending institutions.

#### **ITEM 15: CUSTODY**

Levco is deemed to have custody under Rule 206(4)-2 of the Advisers Act (the "Custody Rule") of Collaborative's assets due to Levco's access to Collaborative's assets (as the manager of Collaborative). Actual custody of Collaborative's cash and securities (except as otherwise permitted under the Custody Rule for certain privately offered securities), however, is at qualified custodians. Collaborative's cash is held at Signature Bank.

Collaborative is subject to an annual audit and the audited financial statements (prepared in accordance with generally accepted accounting principles) will be distributed to each member of Collaborative within 180 days of Collaborative's fiscal year end.

Levco is not deemed to have custody of the Account Client's funds and securities under the Custody Rule.

#### **ITEM 16: INVESTMENT DISCRETION**

Levco manages Collaborative's investments on a discretionary basis. The specific terms of the scope of such investment discretion, as well as the investment guidelines that Levco must follow, are detailed in Collaborative's Offering Documents. Collaborative's investors do not place any limitations on Levco's discretionary authority.

#### **ITEM 17: VOTING CLIENT SECURITIES**

In accordance with Rule 206(4)-6 of the Investment Advisers Act of 1940, Levco has adopted proxy voting policies and procedures to address how Levco will vote proxies on behalf of Collaborative. The policy is designed to ensure that proxies are voted in the best interest of Collaborative and its investors, including when there may be material conflicts of interest in voting proxies. Collaborative and its investors may obtain a copy of Levco's proxy voting policies and procedures and information about how Levco voted proxies by contacting the Chief Compliance Officer at the phone number or email address listed on the cover of this Brochure.

While the securities evidencing the private equity investments made by Collaborative are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over Collaborative, may be asked to vote the securities of Collaborative on certain matters, such as the proposed extension of an Underlying Fund's term. We will ensure that a record of each securities position held by Collaborative is maintained and, where any such vote is to occur, we will ensure that we receive all relevant information, disclosure materials and such proxies or consents as are necessary for us to be able to cast votes in a timely manner. We will maintain all proxy voting records.

Levco's Proxy Voting Committee will determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interest of Collaborative. If we determine that there is no material conflict of interest, then we will make the voting determination and take the required voting action. If the Proxy Voting Committee has identified a material conflict of interest that cannot be resolved by removing one or more persons from the voting decision, then the Proxy Voting Committee will consult with counsel to determine an appropriate course of action in respect of the voting decision.

Neither Collaborative nor its investors can direct Levco's votes regarding Collaborative's securities.

Levco does not exercise proxy voting authority on behalf of the Account Client.

**ITEM 18: FINANCIAL INFORMATION**

Levco has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to Collaborative, and Levco has not been the subject of any bankruptcy petition.