

ITEM 1: COVER PAGE

FORM ADV PART 2A: FIRM BROCHURE

EVOLUTION CAPITAL MANAGEMENT LLC

March 31, 2022

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This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Evolution Capital Management LLC (“**Evolution**”). If you have any questions about the contents of this Brochure, please contact Gerald Tsai, Evolution’s Chief Compliance Officer, at (310) 315-8835 or gerald.tsai@evocm.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.

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

Registration as an investment adviser does not imply that Evolution or any of its managers, officers or employees possess a particular level of skill or training in the investment advisory business or any other business.

ITEM 2: MATERIAL CHANGES

Since the filing of the last annual update on March 25, 2021, the Brochure has been updated to reflect changes in the composition of the Clients (as defined below), and to provide additional disclosure concerning potential conflicts of interest and material risks.

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ITEM 4: ADVISORY BUSINESS

A. Advisory Business

Evolution is an investment adviser with its principal place of business in Crystal Bay, Nevada. Evolution was formed in May 2002 and is a limited liability company organized in the State of Delaware. Michael Lerch is the founder and sole owner of Evolution.

B. Advisory Services

Evolution provides investment advisory services on a discretionary basis to pooled investment vehicles that are structured as Delaware limited liability companies, Cayman Islands limited partnerships, or Cayman Islands exempted companies (also referred to herein as “**Client**”, “**Clients**”,

“**Fund**”, or “**Funds**”) for which Evolution acts as investment manager. References to an “investor” or “investors” in this Brochure refer to investors in Funds.

C. Tailored Advisory Services

Evolution is granted broad investment authority with respect to the management of its Funds, subject to such investment restrictions as may be set forth in the confidential private offering memorandum, investment management agreement, operating agreement (with respect to Clients formed as limited liability companies), limited partnership agreement (with respect to Funds formed as Cayman Islands limited partnerships), memorandum and articles of association (with respect to Clients formed as Cayman Islands exempted companies), and other governing documents of each Fund (collectively, the “**Governing Documents**”). There is no assurance that any Fund’s investment objectives will be achieved.

Evolution has entered into “side letters” or similar agreements with certain investors in the Funds granting the investor specific rights, economic terms, benefits, or privileges that are not made available to other investors. Investors may not impose restrictions on investing in certain securities and/or investments and/or certain types of securities and/or investments except as agreed to in the Governing Documents or in a side letter.

D. Wrap Fee Programs

Evolution does not participate in wrap fee programs.

E. Client Assets Managed on a Discretionary Basis

As of December 31, 2021, Evolution managed approximately \$719,168,293 in regulatory assets under management, all of which was managed on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

The description below is intended to provide a brief summary of typical fee, compensation, and expense structures shared by certain types of Funds, and is not intended to depict every scenario where such structures may differ. All investors should review the Governing Documents of each Fund in conjunction with this Brochure for more complete information.

A. Compensation for Advisory Services

With respect to any Funds managed by Evolution in which all investors are “qualified purchasers”, as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “**1940 Act**”), or “knowledgeable employees” as that term is used in Rule 3c-5 under the 1940 Act, information regarding the fees and compensation payable by such investors is not required to be disclosed herein.

From time to time, Evolution may in its sole discretion afford certain investors in Funds, including its employees, more favorable economic terms than other investors in the same Fund or other investors within the same investment strategy, including with respect to management and performance-based compensation.

B. Deduction of Fees

Evolution does not charge any management fees on Fund assets. Performance fees payable to Evolution by the Funds are generally deducted from investor accounts on an annual basis after completion of the audit of a Fund's year-end financial statements. Evolution also receives a portion of the management fees and performance fees collected by its affiliate, Evo Capital Management Asia Limited ("ECM Asia") for services provided by Evolution for the benefit of the Evo Absolute Return Funds (as defined below). The management fees payable to ECM Asia are calculated and accrued based on the net asset value of the Evo Absolute Return Funds at the beginning of each month and are deducted from investor accounts quarterly in arrears. Performance fees payable to ECM Asia are deducted after the finalization of the year-end net asset value applicable to the Evo Absolute Return Funds.

C. Other Fees and Expenses

(1) Fees and Expenses Generally.

Subject to the Governing Documents, the Funds bear all costs, fees, expenses and liabilities that are incurred by, or arise out of their operation and activities. These include all ongoing costs and expenses associated with the administration and operation of the Funds, such as, without limitation, brokerage commissions, investment and hedging expenses, insurance premiums, tax and filing fees, legal, external valuation and auditing expenses, accounting, administrative, and consultant and other service provider expenses, trading and risk management system expenses, travel expenses related to fund investments, and expenses incurred with respect to furnishing investors with annual reports and other financial information. The Funds also are obligated to pay any extraordinary expenses they may incur, such as the expense of any litigation. To the extent any such costs and expenses are paid by Evolution, Evolution is entitled to be reimbursed by the Funds. Evolution may waive its right to be reimbursed for out-of-pocket expenses incurred on behalf of a Fund, or may voluntarily elect to reimburse a Fund for expenses.

(2) Administration Fees and Expenses.

Evolution has engaged third party service providers (collectively, the "**Administrators**") to provide fund administration services to the Funds. The Administrators are entitled to receive monthly fees that are based on a percentage of the net asset value of each Fund that range from 0.03% to 0.14%, subject to monthly minimum charges that range from \$750 to \$15,500.

In addition to the standard administration fees described above, the Administrators may also charge the Funds specific service-based fees. The Administrators are also entitled to reimbursement of expenses. Certain Funds have engaged the Administrators to provide U.S. Foreign Account Tax Compliance Act and Common Reporting Standard compliance services. Fees for these services generally vary based on the number of reportable shareholders per Fund.

(3) Additional Expenses Applicable to Funds that Utilize Leverage.

Funds that utilize leverage may enter into credit facilities or obtain leverage through various other transactions, including but not limited to the use of derivative instruments, margin trading, borrowing securities, or through securitizations. All initial and ongoing expenses of any such arrangement may be borne by the Funds benefiting from the arrangement. These expenses may

be amortized in a manner and over a term that is equivalent to the maturity of the arrangement, as determined by Evolution in its sole discretion.

(4) Additional Expenses Applicable to Funds that Invest Alongside Principals of Evolution collectively, the “Co-Investment Funds”).

The Co-Investment Funds are eligible to invest alongside affiliates of Evolution in structured transactions that generally involve providing financing to publicly listed corporations based in Asia. The Co-Investment Funds may participate in these transactions indirectly by investing through a special purpose vehicle or a fund managed by Evolution. In such cases, the Co-Investment Funds would be responsible for a portion of the costs associated with forming and operating the special purpose vehicle or fund. In no instance would the Co-Investment Funds be obligated to pay any additional management fees, performance fees or capital deployment fees as a result of the utilization of any such structure. In addition, certain Co-Investment Funds or vehicles through which they invest maintain brokerage accounts with an affiliate of Evolution, Evolution Japan Securities Co. Ltd. (“EJS”). Trading commissions payable to EJS are comparable to the commissions that would be payable if a broker unrelated to Evolution was utilized. Please review Item 8 for risks applicable to transactions involving affiliates, and Item 10 for additional information concerning Evolution’s relationship with EJS.

(5) Additional Expenses Applicable to Master Feeder Structures. A “master-feeder” structure refers to a structure where a “feeder” fund pursues its investment strategy through an investment in a “master” fund. A feeder fund would not incur any additional management fees, performance fees or capital deployment fees with respect to its investment in the master fund. However, as a shareholder of the master fund, the feeder fund would bear a portion of the costs of the master fund’s organizational and operational expenses.

D. Pre-Paid Fees

Evolution’s fees are accrued over the period when services are provided and are paid in arrears thereafter.

E. Compensation for Sale of Securities

Neither Evolution nor any of Evolution’s employees accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Consistent with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and as discussed in Item 5 above, certain Funds compensate Evolution through a performance-based fee.

The existence of a performance-based fee may create an incentive for Evolution to make investments that may be riskier, more speculative, or potentially more profitable than would otherwise be the case in the absence of such performance-based return. However, we believe this incentive is mitigated by the personal investment of Evolution’s principals in certain Funds, either through direct investments in a

Fund, or through investments made in parallel with the Funds. Therefore, any losses will reduce the Funds' performance and, thus Evolution's principals' returns as well.

Evolution has adopted and implemented policies and procedures intended to address potential conflicts of interest relating to the management of multiple Funds, and the allocation of investment opportunities among such Funds. Evolution reviews investment decisions for the purpose of ensuring that all Funds with substantially similar investment objectives are treated equitably.

ITEM 7: TYPES OF CLIENTS

Evolution only provides investment advice to private investment funds. The investors in each Fund may include, but are not limited to, corporations, pension plans, foundations, trusts, estates, and high net worth individuals. The Funds are offered exclusively to parties who are "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**"), and "qualified clients" as defined in Rule 205-3 of the Advisers Act. Certain Funds require that their investors, in addition to being accredited investors and qualified clients, are qualified purchasers. Accordingly, all Clients of Evolution are exempt from registration as investment companies in reliance upon the exemptions available under Section 3(c)(1) or Section 3(c)(7) of the 1940 Act.

The initial and additional subscription minimums are disclosed in the confidential private offering memorandum for each Fund. Initial and additional subscription minimums may be waived by Evolution or the directors of the Funds, in their sole discretion.

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

A. Investment Strategies

The following describes investment strategies employed by Funds managed by Evolution in which third parties have invested. Evolution is also the investment adviser to investment vehicles that only hold assets of principals of the firm. The investment strategies of these investment vehicles are not discussed below.

- (1) Endeavor Strategies LP and Japan Opportunities Fund Ltd. Endeavor Strategies LP and Japan Opportunities Fund Ltd. are Co-Investment Funds that invest alongside principals of Evolution. The primary focus of the Co-Investment Funds is participating in structured financings of publicly listed companies based in Asia, principally Japan. The investment guidelines of the Co-Investment Funds permit allocations to other types of investments.
- (2) Capital RE. Capital RE is a Co-Investment Fund that was formed to invest in a convertible bond and warrant financing of a publicly listed issuer based in Japan.
- (3) Evo Absolute Return Funds. The "**Evo Absolute Return Funds**" consist of parallel Delaware and Cayman Island investment vehicles that invest, through a master fund, in an event driven and capital markets trading strategy with a non-exclusive focus on Asia capital markets.

(4) Material Risks

Each of the investment strategies employed by Evolution entails substantial inherent risks. These investment strategies involve risk of loss to investors and investors must be prepared to bear the loss of their entire investment. Although Evolution attempts to manage these risks through careful research, ongoing monitoring of investments, and diligent management, there can be no assurance that the securities and other instruments purchased which are the focus of the Funds' strategies will increase in value or that Evolution's Funds and their investors will not incur significant losses. Prospective investors must carefully review the "Certain Risk Factors" section of the respective Fund's Confidential Private Offering Memorandum and carefully consider the risk factors in evaluating the merits and suitability of an investment in the respective Fund. The following discusses certain material risks for each significant investment strategy or method of analysis employed by Evolution.

(1) Risks Applicable to All Funds

The Global Pandemic May Adversely Effect the Performance of the Funds. In the Spring of 2020, global capital markets and the global economy experienced significant volatility and disruption due to the widespread outbreak of coronavirus disease 2019 ("COVID-19"). Although, by some metrics, the global economy has rebounded from the slowdown caused by COVID-19, the pandemic has had, and continues to have, a significant adverse impact. Any unanticipated disruptions caused by mass illness, quarantines, government actions, facility closures or other restrictions may negatively impact the performance of the Funds. To the extent our management are impacted by such restrictions or another outbreak of pandemic or epidemic disease, and are not available or allowed to work, the performance of the Funds may be adversely affected.

Financial Volatility and Geopolitical Instability May Adversely Impact Global Financial Markets. Tensions among the U.S., Western European nations, and Russia have escalated as a result of the Russian invasion of Ukraine, which has created a global security issue that may adversely affect international business and economic conditions. It is not possible to predict the extent to which Russia's actions in Ukraine and the economic retaliatory measures taken by the U.S. and other nations may negatively impact financial markets and economies around the world. Continued adverse economic conditions could have a material adverse effect on the performance of the Funds.

Investment in the Funds is Highly Risky and Speculative. An investment in the Funds is highly risky and speculative. Investors bear the risk of loss of their entire investment.

No Liquidity. Investors in the Funds will be purchasing illiquid securities. The securities are issued pursuant to a private placement exemption under the Securities Act and are subject to significant restrictions on resale. The securities are not listed on any securities exchange, and do not have a secondary market.

The Funds have Limited Operating Histories. The Funds have limited operating histories. Accordingly, an investment in the Funds entails a high degree of risk. It cannot be assumed that Evolution will achieve any Fund's investment objectives. There exists a possibility that an investor could suffer a complete loss as a result of an investment in a Fund.

The Funds May Incur Significant Direct and Indirect Expenses. The Funds may incur significant transaction costs and expenses in connection with its investments and operations. These and other expenses of organizing and operating the Funds (including management fees, performance fees, costs incurred in obtaining financing, and the fees payable to the Administrator and other professional advisors) are paid out of the Funds' capital, reducing the Funds' potential for profitability. This risk is higher if the Funds have limited assets.

Substantial Redemptions May Materially and Adversely Affect the Value of the Funds' Assets. Substantial redemptions by investors within a short period of time could require Evolution to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of a Fund's assets. The resulting reduction in a Fund's assets could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base.

Adverse General Economic Conditions May Harm the Funds' Business. The success of any investment activity is influenced by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of shareholder participation in the markets for both equity and interest-rate-sensitive securities. Unexpected volatility or illiquidity in the markets in which the Funds directly or indirectly hold positions could impair the Funds' ability to carry out their business and could cause them to incur losses.

The Funds are subject to Litigation Risk. In the ordinary course of business, the Funds may be named as a defendant in a lawsuit or regulatory action and be subject to the costs involved. In addition, because the Funds may purchase investments through separate written contracts (as opposed to via an exchange) and, because such contracts may contain extensive obligations on behalf of the issuer, there may be instances in which the Funds may pursue litigation in order to enforce their rights. Such litigation may continue without resolution for long periods of time, consume substantial amounts of time and attention, be costly, and may not ultimately be successful.

Evolution Must Manage Conflicts of Interest. As Evolution has expanded the scope of its business, Evolution increasingly must address potential conflicts of interest relating to the Funds' investment activities. For example, if certain Funds have overlapping investment objectives and differing fee structures, potential conflicts may arise with respect to decisions regarding how to allocate investment opportunities among those Funds. Similarly, by way of example, any decision to acquire material, non-public information while pursuing an investment opportunity for a particular Fund gives rise to a conflict of interest when so doing results in restricting the ability of another Fund either to sell investments in its portfolio or to pursue its own investment opportunity. In addition, investors may perceive conflicts of interest regarding particular investment management decisions in respect of Funds in which Evolution or its principals may be personally invested. While there are policies and procedures in place that are intended to ensure that each potential conflict of interest is appropriately addressed, it is possible that potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and Evolution's reputation could be damaged if potential or actual conflicts of interest are not adequately addressed.

The Risk Management Systems of the Fund or Evolution May Fail. The risk management techniques and strategies utilized by the Funds and Evolution may not be fully effective in mitigating the risk exposure in all economic market environments or against all types of risk, including risks that are not identified or anticipated. Some of the strategies for managing risk are

based upon use of observed historical market behavior. Any failures in the risk management techniques and strategies to accurately quantify the risk exposure could limit the ability to manage risks or to seek adequate risk-adjusted returns. In addition, any risk management failures could cause the losses to be significantly greater than the historical measures indicate.

The Success of the Funds is Dependent on Key Personnel of Evolution. The success of the Funds will depend in part upon the skill and management expertise of the investment professionals of Evolution. There can be no assurance that the investment professionals of Evolution will continue to be associated with Evolution or its affiliates. The loss of the services of any key investment professional of Evolution could have an adverse effect on the operations of the Funds. Evolution has exclusive and absolute discretion and authority to manage and control the Fund's investments, except as limited by the Fund's Governing Documents or applicable law. Evolution has wide discretion to select securities and other intangible investment instruments in which the Funds invest and to determine the amount of funds to be used for each purpose. Evolution may exercise this discretion and authority conditionally or unconditionally, arbitrarily or inconsistently in varying or similar circumstances.

Risks from Any Evolving or New Trading Strategies. Evolution's investment analysis and selection techniques are continually evolving, and it may, for example, incorporate new or different models over time. Any newer techniques that Evolution employs may be less successful than prior techniques and may subject the Funds to additional risks.

Each Fund's Portfolio Lacks Diversification. Each Fund invests substantially all of its capital directly and indirectly in pursuit of its specific investment strategy. Each Fund's portfolios will not be diversified beyond those investments, idle cash, money market instruments or other short-term investments and any investments used for hedging purposes. In addition, the Funds are not required to maintain a minimum level of capital. If any Fund incurs losses or withdrawals, it may not have sufficient funds to adequately diversify the investments it holds.

Risks of Leverage. Utilizing leverage may provide a Fund with the opportunity for greater capital appreciation but, at the same time, will increase the Fund's exposure to capital risk and higher current expenses. If income on investments made with borrowed funds are less than the cost of the leverage, the value of the Fund's assets will decrease. Accordingly, any event which adversely affects the value of an investment by a Fund would be magnified to the extent leverage is employed. The cumulative effect of the use of leverage in a market that moves adversely to a leveraged investment could result in a substantial loss which would be greater than if leverage were not used. Moreover, if the assets under management are not sufficient to pay the principal of, and interest on, the debt when due, the Fund could sustain a total loss of its investment. To the extent that a Fund obtains leverage by purchasing the securities of special purpose or alternative investment vehicles that invest in a pool of loans, any losses incurred by these special purpose or alternative investment vehicles will be allocated in the first instance to the securities held by the Fund.

Risks of Options Trading. In seeking to enhance performance or hedge assets, the Funds may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an

uncovered call writer (i.e., a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique will depend upon the extent to which price movements in assets that are hedged correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock. Successful use of options on stock indexes will depend upon the ability of Evolution to correctly predict movements in the direction of the stock market generally. This ability requires skills and techniques different from those used in predicting changes in the price of individual stocks.

Inability to Obtain Financing. The Funds may execute their investment objectives by accessing the credit markets to obtain the capital necessary to finance their acquisition of securities. There is no assurance that the Funds will be able to obtain credit or other financing facilities on acceptable terms, if at all. If the Funds seeks financing and are unable to obtain it, the Funds may be unable to implement their investment strategies and their performance, financial condition and ability to satisfy redemption requests could be materially and adversely affected.

Country Risks. The Funds may make investments in securities of issuers organized and/or conducting business in foreign countries other than the United States. As with any investment related to a foreign country, there exists the risk of adverse political developments, including, but not limited to, nationalization, confiscation without fair compensation, and war. Furthermore, any fluctuation in currency exchange rates will affect the value of investments in foreign securities or other assets and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Foreign countries also may impose taxes on the Funds or their respective investors. Evolution analyzes risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Funds.

Transactions with Affiliates of Evolution. As discussed in greater detail below and in Item 10, certain affiliates of Evolution provide services to various clients of Evolution that include investment banking, placement, trading support, and brokerage services. Due to the common control over Evolution and these affiliates, the terms of the services provided may unintentionally favor the interests of one party to the detriment of the other. In the absence of affiliated ownership and control, the agreements among these entities and the decisions made regarding the administration and enforcement of such agreements would be determined at arm's length by wholly unrelated parties which would each be seeking to maximize its rights and interests and minimize its obligations and liabilities. Such fully arm's length negotiations may not be possible. Although Evolution expects the terms of agreements entered into with its affiliates to be comparable to the terms of similar instruments negotiated by unrelated third parties under similar circumstances, such terms will not be determined by fully arm's-length negotiations.

Custody Risk. There are risks involved in dealing with custodians or brokers who settle trades of the Funds. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of a Fund, and hence the Fund may be exposed to a credit risk with regard to such counterparties. In some jurisdictions, the Fund may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. Further, there may be practical or time constraints associated with enforcing a Fund's rights to its assets in the event of the insolvency of any such counterparty. Recent, apparently significant losses incurred by many hedge funds in connection with the financial crisis and the bankruptcy of several large financial institutions illustrate the risks incurred in both derivatives trading and custody/brokerage arrangements. Assets deposited with the brokers that are fully paid (being those not held by the broker as margin) may be held in segregated safe custody in accordance with the brokerage agreements. Assets held as collateral by the brokers in relation to facilities offered to a Fund and assets deposited as margin with the brokers may, however, be available to the creditors of such brokers in the event of their insolvency.

Cybersecurity. The Funds, Evolution, and their service providers are susceptible to operational and information security and related risks due to potential cybersecurity incidents. In general, cybersecurity incidents can result from deliberate attacks or unintentional events. Cybersecurity attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for the purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity attacks also may be carried out in a manner that does not require gaining unauthorized access, such as distributed denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cybersecurity incidents affecting the Fund, Evolution, or service providers such as financial intermediaries have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by interfering with the ability to calculate the net asset value of the Funds; creating impediments to trading for the Funds; causing the inability of investors to transact business with the Funds; triggering violations of applicable privacy, data security, or other laws; and exposing the parties to regulatory fines and penalties, reputational damage, reimbursement or other compensation or remediation costs, legal fees, and/or additional compliance costs. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which the Funds are invested, counterparties with which Evolution and the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and parties. While information risk management systems and business continuity plans have been developed which are designed to reduce the risks associated with cybersecurity incidents, there are inherent limitations in any cybersecurity risk management systems or business continuity plans, including the possibility that certain risks cannot be and/or have not been identified.

Combination or "layering" of multiple risk factors may significantly increase the risk of loss. Although the various risks discussed in this Brochure are generally described separately, prospective investors in the Funds should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. Prospective investors should carefully consider the potential effects of layered risks.

(2) Risks Applicable to the Co-Investment Funds

Co-Investing Through and With Affiliates of Evolution. The investment strategy of the Co-

Investment Funds permits investment alongside affiliates of Evolution. These co-investments may take a variety of forms. For example, an affiliate of Evolution could invest alongside the Co-Investment Funds as multiple counterparties to a transaction with an issuer, or by investing through a special purpose vehicle or fund managed by Evolution. Alternatively, a single investor could act as the sole counterparty to a transaction with an issuer, with co-investors obtaining exposure to the investment through a derivative instrument with the named investor. Any derivative or contractual arrangement used in this regard would provide economic exposure to an investment among co-investors equally, based on the size of their commitment to the investment, relative to each other. Neither Evolution, nor any of its affiliates would receive any commission or fee from the Fund or any external client of the Investment Manager for sourcing or structuring any investment.

Trade Allocation. Evolution does not have a duty to allocate every investment opportunity in which it or its affiliates may invest to the Co-Investment Funds, whether or not such opportunity may be appropriate for the Co-Investment Funds. Evolution or its affiliates may, in their sole discretion, elect to purchase securities or pursue investment opportunities entirely for their own benefit, or allocate such investment opportunities to one Co-Investment Fund, but not others that have similar investment strategies. In determining whether an investment opportunity is appropriate for a Co-Investment Fund, Evolution will in good faith consider such factors as it deems appropriate, including without limitation whether the investment opportunity satisfies the investment guidelines of a particular Co-Investment Fund, and is large enough to accommodate an economically meaningful investment by numerous parties. Evolution will also consider whether there is sufficient time to conduct due diligence on the potential investment in satisfaction of its fiduciary duty to the Co-Investment Funds, and to request, collect, and deploy capital in advance of the anticipated closing date of the investment opportunity. In determining the allocation of an investment opportunity among its affiliates and the Co-Investment Funds, Evolution will consider each party's investment guidelines, risk tolerance, net asset value, available funds (e.g., uncalled capital), and need for diversification or balance in their portfolio, as well as the size of the potential investment as a whole, common sense adjustments that may lead to cost savings or other transactional efficiencies, and other factors it deems relevant. The conflicts inherent in making any such allocation decisions may not always be resolved to the advantage of a particular Co-Investment Fund. There can be no assurance that a Co-Investment Fund will have an opportunity to invest in certain investments that fall within its investment objectives.

There May be an Insufficient Supply of Investments. The implementation of the Co-Investment Funds' investment strategies by Evolution depends on a sufficient supply of securities, which is outside of the Co-Investment Funds' or Evolution's control. If there is an insufficient supply of securities to meet the Co-Investment Funds' demands, the Co-Investment Funds likely will limit additional capital-raising efforts. This could lead to the Co-Investment Funds being more concentrated in their existing portfolios, increasing the age of the portfolios, and causing the Co-Investment Funds' expense ratios to be higher than would otherwise be the case. In addition, there can be no assurance that the Co-Investment Funds will be able to acquire securities in the quantities and at the times Evolution desires. In such cases, Evolution may cause the Co-Investment Funds to hold extensive cash positions for extended periods of time, potentially adversely affecting their performance.

Use of Affiliated Service Provider, Broker, and Custodian. EJS is a broker-dealer licensed by the Kanto Local Finance Bureau and is regulated by the Financial Services Agency of Japan. It is affiliated with Evolution through common ownership. EJS may provide investment banking

services in sourcing, negotiating, and executing investment opportunities in which the Co-Investment Funds participate. EJS is not entitled to receive any compensation from the Co-Investment Funds for such services.

The Co-Investment Funds or special purpose vehicles managed by Evolution through which the Co-Investment Funds invest may establish brokerage relationships with EJS. Whenever an affiliate of an investment manager is acting as a custodian, there is heightened sensitivity to misappropriation of assets because there is no independent third party acting as an intermediary. To address this concern, EJS has provided Evolution with an attestation report on its internal controls, and will continue to provide Evolution with updated reports on an annual basis. As required by Rule 206(4)-2 of the Advisers Act, such reports have been prepared by an independent accounting firm that is registered with, and subject to inspection by the Public Company Accounting Oversight Board (the “PCAOB”). EJS will be entitled to receive brokerage fees for acting as a broker for the Co-Investment Funds or special purpose vehicles managed by Evolution through which the Co-Investment Funds invest. In considering whether to use EJS as a broker, Evolution has determined in good faith that the brokerage fees charged by EJS are reasonable in relation to the value of the services provided by EJS, and that such fees are similar to the fees that would be charged by an unaffiliated broker.

The brokerage services provided by EJS may also include securities lending arrangements in which EJS may facilitate such lending by effecting short sale transactions in which EJS delivers borrowed securities to the Co-Investment Funds or special purpose vehicles through which the Co-Investment Funds invest. In connection with such transactions, the securities borrowed by EJS may include those owned by affiliates of EJS or Evolution, or clients of Evolution. Any such arrangements and transactions shall be effected on market terms as determined by EJS.

Investments in East and South-East Asia Entail Regulatory Issues. The Co-Investment Funds may make significant investments in certain East and South-East Asian markets. Many foreign funds have confronted tax and regulatory issues in East and South-East Asia as they have become more high-profile amid a back-lash against the success and growth of foreign funds. If this trend continues, the Co-Investment Funds may be affected and the value of the Co-Investment Funds may decline.

Trading of Derivative Contracts. The Co-Investment Funds may invest in derivatives, including swap contracts, futures contracts, options, credit default swaps and forward contracts. The performance of derivatives is tied to the performance of an underlying currency, security, index or other instrument. In addition to risks relating to their underlying instruments, the use of derivatives may include other, possibly greater, risks. Risks associated with the use of derivatives may include counterparty, leverage, correlation, liquidity, tax, market, interest rate and management risks. Derivatives may also be more difficult to purchase, sell or value than other investments. Derivatives held as part of the Co-Investment Funds’ investment program may have the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater gain or loss. The Co-Investment Funds may lose more than the cash amount invested on investments in derivatives.

Hedging Transactions. The Co-Investment Funds may from time-to-time purchase or sell forwards, swaps or options on currencies, securities and indices. It is the intention of Evolution to engage in such transactions as a way to mitigate risk associated with the Co-Investment Funds’ investments; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on

the Co-Investment Funds' investments. This may lead to losses on both the Co-Investment Funds' investments and the related transaction. Hedging against a decline in the value of the Co-Investment Funds' investments may not eliminate fluctuations in the values of such investments or prevent losses if the value of such investments decline, but instead establish counterbalancing investment positions designed to gain from those same developments, thus offsetting the decline in the investments' value. Such hedging transactions may also limit the opportunity for gain if the value of the hedged investments should increase. Moreover, it may not be possible for the Co-Investment Funds to hedge against a change in the value of its investment at a price sufficient to protect the Co-Investment Funds' assets from the decline in value anticipated as a result of such change. In addition, it may not be possible to hedge against certain risks at all. In the event that any amount is owed by the Co-Investment Funds under a hedging transaction, including in connection with a margin call, the Co-Investment Funds may be required to liquidate assets to the extent necessary to satisfy such amounts.

Below Investment Grade Securities. The Co-Investment Funds may trade below investment grade securities and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities) and may be subject to greater risk of loss of principal and interest than higher rated securities. These investments are generally considered to be speculative based on the issuer's ability to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the event of deterioration in general economic conditions. Because lower rated securities are perceived to be risky, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, could contribute to a decrease in the value and liquidity of such lower rated securities.

Investing in Subordinated Securities. The Co-Investment Funds may invest in subordinated securities which involve greater credit risk of default than the senior classes of the issues or series. Certain subordinated securities (including the equity or subordinated debt components of collateralized loan obligations and collateralized bond obligations) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Subordinated securities therefore possess some of the attributes typically associated with equity investments.

Collateralized Loan Obligations. The Co-Investment Funds may invest in various tranches of collateralized loan obligations (including tranches that are subordinate to other tranches). In addition to the normal interest rate, default and other risks of fixed income securities, collateralized loan obligations carry additional risks, including the possibility that distributions from collateral securities will not be adequate to make interest or other payments and the quality of the collateral may decline in value or default.

Defaulted Securities Risk. The Co-Investment Funds may invest in securities where the issuer has defaulted on the payment of interest and/or principal. Defaulted securities are speculative and involve substantial risks. Generally, the Co-Investment Funds will invest in defaulted securities when Evolution believes they offer significant potential for higher returns or can be exchanged for other securities that offer this potential. There can be no assurance that the Co-Investment Funds will achieve these returns or that the issuer will make an exchange offer. The Co-Investment Funds will generally not receive interest payments on defaulted securities and may

incur costs to protect its investment. In addition, defaulted securities involve the substantial risk that principal will not be repaid. Defaulted securities and any securities received in an exchange for such securities may be subject to restrictions on resale.

Issues Relating to Underlying Collateral. The Co-Investment Funds may invest in debt securities that bear interest at a floating rate that resets periodically. The terms of the senior secured floating rate loans and debt securities in which the Co-Investment Funds typically invest require that collateral be maintained to support payment of the obligations. However, the value of the collateral may decline after the Co-Investment Funds invest. There is also a risk that the value of the collateral may not be sufficient to cover the amount owed to the Co-Investment Funds. In addition, collateral securing a loan may be found invalid, may be used to pay other outstanding obligations of the borrower under applicable law or may be difficult to sell. In the event that a borrower defaults, the Co-Investment Funds' access to the collateral may be limited by bankruptcy or other insolvency laws. There is also the risk that the collateral may be difficult to liquidate, or that a majority of the collateral may be illiquid. As a result, the Co-Investment Funds may not receive payments to which they are entitled.

The Co-Investment Funds May Hold Large Positions with Limited Liquidity. The Co-Investment Funds may collectively take positions in a company that result in the Co-Investment Funds and their co-investors being the sole holder of a particular security (e.g., convertible bonds), or holding a large portion of a company's outstanding stock relative to the trading volume of the company's outstanding stock. The Co-Investment Funds may not be diversified beyond such investment. Large positions in a single company involve liquidity and valuation risks that smaller positions do not present. The illiquidity of these positions may result in their being held longer than Evolution would prefer, which may result in losses to the Co-Investment Funds.

Investments by the Co-Investment Funds are Vulnerable to Changes in Foreign Exchange Rates. The investment opportunities pursued by the Co-Investment Funds will be denominated in currencies other than the U.S. dollar, and may involve financial instruments valued based on currencies other than the U.S. dollar. The Co-Investment Funds, however, will value their securities and other assets in U.S. dollars. To the extent unhedged, the value of the Co-Investment Funds' non-U.S. dollar denominated assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the underlying investments in their local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Co-Investment Funds' investments are denominated will reduce the effect of increases and magnify the effect of decreases in the prices of the underlying investments in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the underlying investments. Evolution may use forward currency contracts and options to hedge against currency fluctuations when deemed appropriate and subject to the availability of appropriate hedging instruments at acceptable prices. The successful utilization of hedging transactions requires skills complementary to those needed in the selection of the Co-Investment Funds portfolio holdings. There can be no assurance that such hedging transactions will be effective.

Use of Special Purpose Vehicles. To the extent necessary to address tax or regulatory considerations, Evolution has the authority to structure, and to cause the Co-Investment Funds to participate in, particular investments through special purpose or alternative investment vehicles. While the economic and other substantive provisions governing any alternative investment structure are intended to do the same as those of the Co-Investment Funds, the rights of the Co-

Investment Funds as investors in, and the obligations and duties of Evolution as the general partner or manager of, the special purpose or alternative investment vehicle may differ from those applicable to the Co-Investment Funds by virtue of the specific terms, jurisdiction of, or establishment of, the special purpose or alternative investment vehicle. In addition, the structural attributes of certain alternative investment structures may result in divergent return characteristics.

(3) Risks Applicable to the Evo Absolute Return Funds

Hong Kong Risk. As well as the general risk factors outlined above, the Evo Absolute Return Funds are co-managed by Evolution's Hong Kong based affiliate, ECM Asia, which implicates certain risks. Hong Kong is a special administrative region of the People's Republic of China ("PRC") and the Basic Law of Hong Kong adopted in April 1990 pursuant to the Joint Declaration (an agreement in December 1984 between the United Kingdom and the PRC under which Hong Kong reverted to the sovereignty of the PRC with effect from 1 July 1997) now serves as the basic constitutional document of Hong Kong. In recent years there have been increasing incidents of PRC government direct involvement in the governance and political debate of Hong Kong, seen by many as eroding Hong Kong's autonomy. The continued assertion of authority over the political and legal landscape of Hong Kong by the PRC government could disrupt Hong Kong's financial markets, negatively impacting the performance of the Evo Absolute Return Funds. Restrictions on daily life and personal freedoms could adversely affect the management of ECM Asia, which would impact their ability to provide services to the Evo Absolute Return Funds.

Participation in New Issues. The profits and losses generated by investments in "new issues" will be allocated primarily to investors who are not classified as "restricted persons" under Financial Industry Regulatory Authority ("FINRA") Rule 5130 or "covered persons" under FINRA Rule 5131 (together, "**Restricted Investors**"). As a result, investors may receive "new issue" allocations disproportionate to their investments and will not be compensated in any respect for any such disproportionate allocations. In particular, persons deemed Restricted Investors will receive less than a pro rata allocation with respect to "new issue" investments and persons deemed not to be Restricted Investors will receive greater than a pro rata allocation with respect to "new issue" investments.

Side Letters. As at the date hereof, Evolution has entered into side letter agreements that allow certain investors to redeem their investments on preferential terms in the event of a material change in the management of the Evo Absolute Return Funds, or following a determination that Evolution or its principals have committed a material violation of securities laws or conducted criminal activity involving theft, fraud or dishonesty. Investors who are party to these side letters also receive enhanced visibility on the Evo Absolute Return Funds' portfolio. Save as otherwise disclosed herein and in the Confidential Private Offering Memoranda of the Evo Absolute Return Funds, any preferential terms included in the side letter agreements will not generally be offered or disclosed to other investors.

ITEM 9: DISCIPLINARY INFORMATION

Neither Evolution nor any of its management personnel are subject to or have in the past been subject to any legal or disciplinary events related to this Item or otherwise required to disclose any event required by this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Registration as a Broker-Dealer; Registered Representatives

Neither Evolution nor any of its management persons is registered, or has an application pending to register as a broker-dealer.

B. Registration as a FCM, CPO, CTA, Etc.

Neither Evolution nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing.

C. Material Relationships

As discussed in Items 5 and 8, investments by the Co-Investment Funds may take a number of forms. For example, an affiliate of Evolution could invest alongside the Co-Investment Funds as separate counterparties to a transaction with an issuer, or by investing through a special purpose vehicle or fund managed by Evolution. Alternatively, a single investor could act as the sole counterparty to a transaction with an issuer, with Co-Investment Funds obtaining exposure to the investment through a derivative instrument with the named investor. Any derivative or contractual arrangement used in this regard would provide economic exposure to an investment among co-investors equally, based on the size of their commitment to the investment relative to each other. An affiliate of Evolution may also act as an agent for a Co-Investment Fund to facilitate a transaction. Neither Evolution, nor any of its affiliates would receive any commission or fee from the Fund or any external client of Evolution for sourcing or structuring any investment.

Evolution is affiliated by common ownership with EJS. EJS is a broker-dealer licensed by the Kanto Local Finance Bureau and is regulated by the Financial Services Agency of Japan. As discussed in Items 5, 8, and 15, EJS acts as a broker for certain Funds. To address concerns that arise when an affiliated party acts as a custodian, EJS has provided Evolution with an attestation report on its internal controls and will continue to provide Evolution with updated reports on an annual basis. As required by Rule 206(4)-2 of the Advisers Act, such reports have been prepared by an independent accounting firm that is registered with, and subject to inspection by the PCAOB. Evolution believes that the fees payable to EJS as a broker are comparable to the fees that would be payable if a third party with similar financial sophistication was engaged to provide similar services under similar circumstances.

The brokerage services provided by EJS may also include securities lending arrangements in which EJS may facilitate such lending by effecting short sale transactions in which EJS delivers borrowed securities to the Co-Investment Funds or special purpose vehicles through which the Co-Investment Funds invest. In connection with such transactions, the securities borrowed by EJS may include those owned by affiliates of EJS or Evolution, or clients of Evolution. Any such arrangements and transactions shall be effected on market terms as determined by EJS.

As discussed in Item 8, EJS may also provide investment banking services in sourcing and structuring transactions in which the Co-Investment Funds invest. EJS will not receive any compensation from the Co-Investment Funds for such services.

Evolution is affiliated by common ownership with Evolution Japan Asset Management Co., Ltd. (“**EJAM**”). EJAM is licensed by the Kanto Local Finance Bureau as a financial instruments business operator and carries on business in Japan in this capacity. Evolution and EJAM have entered into a Participating Affiliate Services Agreement pursuant to which EJAM provides investment advisory and trading services to Evolution in connection with certain investment activities of the Co-Investment Funds. EJAM will not receive any compensation from the Co-Investment Funds for these services.

In addition to acting as a participating affiliate of Evolution, EJAM manages the assets of principals of the firm. EJAM is supported by the same operations and compliance team as Evolution. Potential conflicts of interest between the investment activities conducted for principals of Evolution by EJAM and the investment activities conducted by Evolution for Clients are mitigated through compliance policies, procedures and oversight.

Evolution is affiliated by common ownership with ECM Asia. ECM Asia holds a Type 9 asset management license issued by the Hong Kong Securities & Futures Commission. Evolution and ECM Asia have entered into a Participating Affiliate Services Agreement pursuant to which ECM Asia provides investment advisory services to the Evo Absolute Return Funds.

ECM Asia has engaged EJAM as a sub-advisor to provide trading support for the Evo Absolute Return Funds. There are no additional fees charged to the Evo Absolute Return Funds for these services, as EJAM will be compensated by ECM Asia.

As participating affiliates of Evolution, both EJAM and ECM Asia will maintain and enforce Evolution’s compliance policies and procedures as they relate to the services they provide to Evolution and its clients.

Evolution is affiliated by common ownership with Tora Trading Services, LLC (“**Tora**”). Tora provides customized trade execution, order, and portfolio management tools and related services used by Evolution. All fees and expenses related to such execution and order and portfolio management services provided by Tora are borne entirely by Evolution.

Tora operates a broker-dealer that is registered with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority. The Evo Absolute Return Funds have engaged Tora to act as an executing broker for the purpose of obtaining direct market access to after-hours trading on Asian exchanges, specifically the Japannext night market. Tora will not have custody of any assets of the Evo Absolute Return Funds. The utilization of Tora as an execution broker will be subject to the review of Evolution’s best execution committee.

Endeavor Offshore Management (Cayman) Ltd. is a wholly owned subsidiary of Evolution, formed to serve as the general partner of Endeavor Strategies LP.

Evolution does not believe that the relationships described in this Item 10.C. create a material conflict of interest for it with respect to the Clients that cannot be addressed through the implementation of appropriate controls and procedures.

D. Other Investment Advisers

Evolution does not directly or indirectly receive compensation for recommending or selecting other investment advisers for Clients.

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

A. Code of Ethics

Evolution holds its “Access Persons” (as defined in Rule 204A-1 of the Advisers Act), to a high standard of integrity and business practice. These ethical standards are memorialized in Evolution’s Code of Ethics. The following standards of conduct govern the interpretation and administration of the Code of Ethics:

- (1) A fiduciary duty is owed to Clients. Accordingly, the interests of Clients must be placed ahead of those of Evolution or its Access Persons at all times.
- (2) All personal securities transactions must be conducted consistent with the Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an Access Person’s position of trust and responsibility.
- (3) Access Persons should not take inappropriate advantage of their positions with Evolution.
- (4) It is a crime in the U.S. and many other countries to transact in a company’s securities while in possession of material non-public information about the company. Access Persons are required at all times to adhere to Evolution’s Insider Trading Policy.
- (5) Access Persons should not knowingly misrepresent, or cause others to misrepresent, facts about Evolution to Clients, investors, regulators, or any other member of the public.
- (6) Access Persons should not accept more than de minimis gifts or entertainment from persons or companies who are trying to solicit business from Evolution.
- (7) Access Persons have a duty to respect the confidential nature of information received from Clients and investors, and to use that information only for the purpose for which it is provided, whether or not that information is considered “inside information” and regardless of the basis on which confidentiality is required, such as by law, contract or ethical consideration.

Evolution has adopted certain procedures regarding personal investment transactions in an effort to minimize any conflicts of interest. Evolution requires its Access Persons to pre-clear with the Chief Compliance Officer or his designee all transactions in their personal accounts with respect to non-exempt securities. In addition, Evolution’s Code of Ethics prohibits Evolution or its Access Persons from executing personal securities transactions of any kind in any securities on a restricted securities list maintained by the Chief Compliance Officer or his designee. Any of Evolution’s Access Persons who engaged in reportable transactions during the quarter are required to provide Evolution with electronic access to their brokerage account records or duplicate account statements, or to submit a quarterly transaction report. All employees are required to disclose their annual holdings, which will be reviewed against their initial or previous year’s holdings as well as any quarterly transaction reports during that year. Trading in employee accounts will be reviewed by the Chief Compliance Officer or his designee and reviewed against the restricted securities list and pre-cleared personal transactions request records.

Upon request, Evolution will provide a copy of its Code of Ethics to any investor or prospective investor in the Funds.

B. Participation or Interest in Client Transactions

Principal Transactions. Evolution may cause a Client to engage in a principal transaction. However, Evolution will not cause any Client to engage in a principal transaction without providing the disclosure and obtaining the consent required under Section 206(3) of the Advisers Act. In general, Evolution will seek to minimize any potential conflicts of interest involving a principal transaction by using terms that are no less favorable to any affiliated party than those available from unaffiliated third parties. Further, Evolution would only cause a Client to engage in a principal transaction if it believed that such transaction would be in the best interest of the Client.

Cross Trades. From time to time, subject to the applicable Governing Documents, a Client may engage in cross trades with one or more other Clients, typically for purposes of portfolio rebalancing. Evolution will not favor one Client over another in a cross trade. Neither Evolution nor any of its affiliates will receive commission-based fees in connection with any cross trade. The value of any positions that are cross traded will be determined in a manner that is consistent with the valuation policy applicable to the participating Clients.

Master-Feeder Structure. Evolution may utilize a master-feeder structure whereby a Client pursues its investment strategy through an investment in other pooled investment vehicles or entities in which Evolution or a related person is, or holds a financial interest in the general partner, manager, investment adviser or other controlling entity. Certain investments by the Co-Investment Funds may also be facilitated through the use of a special purpose vehicle, or a fund managed by Evolution. When a Client invests in a pooled investment vehicle or other entities for which Evolution or a related person acts as the general partner, manager, investment adviser, or other controlling entity, fees associated with such investments will not be charged at either the feeder fund level or the master fund level to prevent a layering of fees.

Personal Trading in the Funds. Evolution, its related persons and their respective affiliates may invest in the various pooled investment vehicles for which Evolution acts as investment adviser. If any related person invests in a pooled investment vehicle managed by Evolution, although Evolution may elect to waive their performance fee obligations, in all other respects their investment will be on the same terms as any other investor.

Other Interests in Client Transactions. Evolution or affiliates of Evolution may make investments on their own behalf in investment opportunities that Evolution recommends to a Fund. In addition, its principals or entities affiliated therewith or controlled thereby may directly or indirectly co-invest with Funds, as permissible in the applicable Governing Documents. The investment strategy of the Co-Investment Funds is to invest alongside affiliates of Evolution. Any such co-investments or related transactions may raise potential conflicts of interest which are discussed in the Governing Documents of the Co-Investment Funds and summarized in Item 8 above.

ITEM 12: BROKERAGE PRACTICES

A. Factors in Selecting or Recommending Broker-Dealers

In selecting brokers and dealers to effect portfolio transactions for its Clients, Evolution seeks to obtain best execution, taking into consideration the price of a security offered by a broker-dealer, as well as the full range and quality of such broker-dealer's services, including, among other things and to the extent applicable, price, transaction costs, ability to effect transactions, reliability and financial responsibility, responsiveness to Evolution, access to deal flow and precedent transactions, ability to provide financing commitments, and other factors that Evolution deems appropriate to consider under the circumstances. Evolution does not in all cases solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Evolution may also defer to a sub-adviser with respect to the selection of broker-dealers for a Client.

As discussed in Items 8 and 10, Co-Investment Funds or special purpose vehicles managed by Evolution through which the Co-Investment Funds invest may establish brokerage relationships with EJS. In considering whether to use EJS as a broker, Evolution has determined in good faith that the brokerage fees charged by EJS are reasonable in relation to the value of the services provided by EJS, and that such fees are similar to the fees that would be charged by an unaffiliated broker. The brokerage services provided by EJS may also include securities lending arrangements in which EJS may facilitate such lending by effecting short sale transactions in which EJS delivers borrowed securities to the Co-Investment Funds or special purpose vehicles through which the Co-Investment Funds invest. In connection with such transactions, the securities borrowed by EJS may include those owned by affiliates of EJS or Evolution, or clients of Evolution. Any such arrangements and transactions shall be effected on market terms as determined by EJS. Please refer to Item 15 for a review of the measures Evolution has taken to address the use of an affiliated custodian.

- (1) Research and Other Soft Dollar Benefits. Evolution receives research services from broker-dealers utilized for trading by the Evo Absolute Return Funds. Such research is used for the benefit of the Evo Absolute Return Funds consistent with Section 28(e) of the Securities Exchange Act of 1934.
- (2) Brokerage for Client Referrals. Evolution does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer.
- (3) Directed Brokerage. Evolution does not recommend, request or require that a Client direct Evolution to execute transactions through a specified broker-dealer. Nor does Evolution require a client to direct brokerage.

B. Aggregation of Trades

Consistent with its duty to obtain best execution, Evolution may combine purchase or sale orders on behalf of its Clients, and allocate the securities so purchased or sold among its Clients. In accordance with its internal trade aggregation policy, Evolution will document the allocation method to be used in advance of placing any aggregated order. Each Client that participates in an aggregated order will participate at the average price for all of Evolution's transactions in that security on a given business day, with transaction costs shared pro rata based on each Client's participation.

ITEM 13: REVIEW OF ACCOUNTS

Responsibility for managing Client accounts is spread among Evolution's professionals who are best suited and skilled to manage the asset class in which the Client is invested. On an ongoing basis, these professionals review prices of securities and other instruments held for clients, review relevant financial markets and are involved in all major portfolio decisions.

In the event a trade error is detected, losses arising therefrom that are not the result of willful malfeasance, fraud, or gross negligence will be borne by the affected Client. Similarly, any gains associated with a trade error will be kept by the affected Client.

Each investor in a Fund generally receives a written monthly account statement, prepared by the Administrator, providing the value of their investment in the Fund along with month-end and year-to-date performance. Investors in the Evolution Income Funds also receive monthly fund level performance reports from Evolution. Audited financial statements are prepared by an independent public accountant and are distributed to investors in the Funds on an annual basis. Please refer to Item 15 for additional discussion on the delivery of audited financial statements of the Funds to their investors.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Evolution does not receive economic benefits for providing advisory services from any party other than its Clients. Neither Evolution nor any of its related persons directly or indirectly compensates any third party for client referrals. Should Evolution engage a third party for client referrals in the future, such referral activities will be conducted in compliance with Rule 206(4)-3 of the Advisers Act.

ITEM 15: CUSTODY

As a general rule, Evolution will not directly hold any funds or securities of the Funds.

As all of the Funds are pooled investment vehicles, Evolution will provide audited financial statements to investors prepared in accordance with generally accepted accounting principles and delivered within 120 days after the end of each Fund's fiscal year. The independent public accountant retained to perform such annual audits shall be registered with, and subject to regular inspection by the PCAOB.

EJS acts as custodian with respect to brokerage accounts that it maintains for certain Co-Investment Funds or special purpose vehicles through which the Co-Investment Funds invest. To address concerns that arise when an affiliated party acts as custodian, EJS has provided Evolution with an attestation report on its internal controls and will continue to provide Evolution with updated reports on an annual basis. As required by Rule 206(4)-2 of the Advisers Act, such reports have been prepared by an independent accounting firm that is registered with, and subject to inspection by the PCAOB.

If a Fund liquidates at a time other than the end of its fiscal year, Evolution will obtain a final audit and distribute audited financial statements prepared in accordance with generally accepted accounting principles to such liquidating Fund's investors promptly after completion of such audit.

ITEM 16: INVESTMENT DISCRETION

The terms of the investment management agreements entered into between Evolution and its Clients typically grant Evolution full discretion to make investments on its Clients' behalf subject to the investment guidelines set forth in such agreements, and in the Governing Documents. Evolution is authorized to make discretionary determinations in accordance with established investment guidelines without client consultation or consent.

ITEM 17: VOTING CLIENT SECURITIES

In the event Evolution is requested to participate in proxy voting, Evolution is authorized to vote Client securities in accordance with management recommendations on proposals except that Evolution will oppose proposals that diminish rights of shareholders or diminish management or board accountability to shareholders.

Evolution's proxy voting record is available to investors in Funds upon written request to the attention of Gerald Tsai, Chief Compliance Officer at Evolution Capital Management LLC, 10 Stateline Road, Crystal Bay, Nevada 89451.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of Fees

Evolution does not require the prepayment of fees by its Clients.

B. Financial Condition

Evolution is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to its Clients.

C. Bankruptcy

Evolution has not been the subject of a bankruptcy petition at any time in its history.