

**Item 1: Cover Page**

PART 2A OF FORM ADV:  
(the “Part 2A” or the “Brochure”)

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This Brochure provides information about the qualifications and business practices of Coltrane Asset Management, L.P. (“Coltrane”). If you have any questions about the contents of this Brochure, please contact us at (212) 259-6042. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Coltrane also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Part 2A of Form ADV was last updated on September 30, 2021. We recommend that you read this Part 2A of Form ADV in its entirety.

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## **Item 4 – Advisory Business**

### *Item 4.A*

Coltrane is a Delaware exempted limited partnership as of March 2022. Previously Coltrane was a Cayman Islands Limited partnership

founded in May 2012 by Mandeep Manku, who is the principal owner. Coltrane is a New York City based alternative asset management firm.

Coltrane manages pooled investment vehicles (together, the “Funds,” and each individually, a “Fund”).

### *Item 4.B*

Details of Coltrane’s investment objectives are set forth in each Fund’s private placement memorandum or limited partnership agreement (the “Memorandum”). For certain Funds the objective is to maximize absolute returns with a focus on long term compounding. Coltrane employs an investment strategy built around a value-oriented methodology focusing on security selection in equities but also, for certain Funds, opportunistically investing in credit. Our predominant focus has been to invest in European securities, but we also invest globally. Certain Funds intend to invest in emerging markets, but may only invest up to 15% of overall net exposure in emerging markets, based on invested capital, at the time of investment.

The Funds are formed as limited partnerships and offshore corporations. The Funds that are offered within the United States as well as to U.S. Persons are available only to persons who are “accredited investors” under the Securities Act of 1933 and only to persons who are “qualified purchasers” under the Investment Company Act of 1940 (the “IC Act”). Additionally, all investors must also be “qualified clients” under the Advisers Act of 1940. The Funds are not registered as investment companies under the IC Act and are not made available to the general public. Coltrane’s Funds are managed by Coltrane in its sole discretion. Interests in the Funds are offered only by means of each Fund’s Memorandum. The Funds are funded through capital contributions and withdrawals/redemptions are permitted for certain Funds at stated intervals at then current net asset values as set forth in each Funds’ Memorandum

### *Item 4.C*

Coltrane makes all investment decisions on behalf of the Funds pursuant to the terms of an investment management agreement between each Fund and Coltrane. Coltrane’s primary responsibilities are to identify, review, and select investment opportunities that it believes will achieve the investment objectives of the Funds. This requires Coltrane to monitor investments and determine whether to modify investment allocations. Coltrane and its affiliates (identified in Item 10.C) also provide administrative and management services to the Funds. Coltrane tailors its investment advice pursuant to the agreed upon terms set forth in the Memorandum. Coltrane does not tailor its advice to the investment objectives of individual investors in the Funds (“Investors”).

### *Item 4.D*

Coltrane currently does not provide investment advisory services to clients apart from its management of the Funds and does not participate in wrap fee programs. Coltrane may, from time to time in the future, serve as the investment adviser or management company for additional funds or other accounts.

*Item 4.E*

As of December 31, 2021, Coltrane managed on a discretionary basis approximately \$551,097,014, which represents the regulatory assets under management of the Funds as of such date. Coltrane does not manage any assets on a non-discretionary basis.

## **Item 5: Fees and Compensation**

### *Item 5.A*

#### Management Fees

The management fees are payable as described in each of the Funds' Memorandum. Any subscriptions made after the commencement of a calendar quarter will be subject to a prorated Management Fee.

#### Service Fees

The Adviser receives a flat annual service fee from certain private portfolio companies which is payable in arrears in quarterly installments.

#### Incentive Compensation

An incentive allocation is calculated and charged as described in each of the Fund's Memorandum. Coltrane has an incentive to favor accounts for which it receives higher performance-based fees since it may receive a greater profit if the investment generates a positive return; however, since Coltrane makes investments at the Fund-level, and not the individual Investor account-level, this risk is mitigated.

In the case of a partial withdrawal, the incentive allocation will only be charged with respect to the net appreciation of the Investor's account attributable to the amount being withdrawn, in excess of the Investor's loss recovery balance, if any.

The portion of the incentive allocation attributable to any unrealized appreciation in the value of any limited liquidity investment will accrue, but remain unpaid until such limited liquidity investment is realized or deemed realized, or ceases to be designated as a limited liquidity investment.

In general, fees are not negotiable, however Coltrane, at its sole discretion, has the authority to elect to reduce, waive or require a different management fee or incentive allocation with respect to any person.

Certain strategic investors who have invested in the Funds are entitled to receive a share in the revenue of Coltrane and/or the general partners of the Funds.

### *Item 5.B*

As set forth in each of the Fund's Memorandum, certain Fund's management fees are deducted from the Funds' assets, quarterly in advance as of the beginning of each quarter. The predecessor entity to the Adviser had agreed to arrangements with certain Funds to collect a management fee annually in advance. These arrangements are being altered to provide for payment of the management fee by those entities quarterly in advance with adjustments being made to bring any previous annual prepayments in line with the revised quarterly payment schedule.

### *Item 5.C*

#### Adviser Expenses

As further described in each Fund's Memorandum, Coltrane will be responsible for all of its office overhead expenses including rent, supplies, secretarial expenses, stationary, furniture, employee insurance, payroll taxes and employee compensation.

#### Operational Expenses

The Funds will pay, or reimburse Coltrane, for all operating fees and expenses or out-of-pocket costs of the organization, administration and operation of the Funds as set forth in each of the Fund's Memorandum, including, but not limited to:

- ongoing offering fees where applicable and expenses, accounting (including expenses associated with the preparation of the Fund's financial statements and tax returns, and any other tax information relating to the Fund),
- audit, administration (including fees and reimbursable expenses of the Fund's administrator) and legal expenses,
- costs of any litigation or investigation involving Fund activities, and indemnification payments,
- costs associated with meetings of Investors, reporting, providing and mailing information to existing and prospective Investors,
- costs associated with maintaining insurance to protect the Fund, Coltrane or any other covered person (as described in the applicable Memorandum) from liabilities to third persons in connection with the Fund's affairs (including liability premiums),
- taxes and other governmental charges, fees and duties payable by the Fund,
- damages incurred by the Fund or any covered person, and
- extraordinary fees and expenses, if any, and costs of winding up and liquidating the Fund.

Such costs will include the Fund's allocable share of the fees and expenses of any third party providers of "back office" and "middle office" services relating to trade settlement, and accounting and related operations for the Funds.

#### Investment-Related Expenses

As set forth in each of the Funds Memorandum, the Funds will pay, or reimburse Coltrane, for all costs, fees and expenses related to portfolio investments or prospective investments (whether or not consummated) of the Funds, where applicable, including, but not limited to:



- the research, evaluation, acquisition, holding and disposition thereof and all third-party expenses in connection therewith (including, without limitation, expenses relating to proxies, underwriting and private placements, brokerage commissions, price validation, dealer spreads, interest on, and fees and expenses arising out of, debit balances or borrowings, dividends payable with respect to securities sold short, exchange, clearing, give-up and intermediation fees, clearing and settlement charges and costs of middle office exchanges (whether paid or via administrator)), as well as transaction fees and expenses relating to the foregoing,
- custodial fees, legal fees, travel and other expenses incurred in connection with investment activity,
- asset verification, appraisal and valuation fees and expenses,
- investment banking expenses and professional investigatory services,
- fees and profit-sharing payments due to unaffiliated advisors, sub-advisors and consultants,
- specific expenses incurred in obtaining or maintaining technology and systems,
- finders and service companies,
- risk monitoring expenses, specific expenses incurred in obtaining or maintaining systems,
- research and other trading costs (including market data expenses),
- order management systems,
- information and information service subscriptions utilized with respect to the Fund's investment program, including phone and internet charges, and
- any tax-related structuring or legal fees and expenses incurred, any entity-level, transfer or other taxes imposed on the Fund, and expenses related to organizing any alternative investment vehicle or other investment subsidiaries through which investments may be made and other execution and transaction costs,
- costs associated with the management of Exchange Traded Funds to the extent that such costs, fees and expenses are not reimbursed by a third-party.

Notwithstanding the foregoing, investment-related expenses of the Fund generally will be borne pro rata by the Investors in accordance with the net asset value of the applicable series or sub-series of interests. Expenses relating specifically to a special investment will be charged only with respect to the special accounts of Investors participating in such investment. Generally, most other expenses will be borne pro rata by the Investors.

It is important that each investor who is considering an investment in a Fund review the offering documents, including the Memorandum applicable to that Fund, for a further detailed description of the fees and expenses applicable to such investment.

For more information on brokerage and transaction costs discussed above, please refer to *Item 12: Brokerage Practices*.

*Item 5.D*

While certain Fund's Memorandum require payment of management fees quarterly or annually in advance, the Adviser is altering all arrangements to align solely on a quarterly fee schedule, as detailed in Item 5B. The management fee will be pro-rated (or rebated, if applicable) for any partial periods.

*Item 5.E*

Coltrane and its supervised persons do not accept any compensation (e.g., brokerage commissions) for the sale of securities or other investment products, including interests in the Funds.

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

*Item 5.A* of this brochure contains details on the incentive allocations for which each Fund is responsible. Please see *Item 5.A* for this information.

**Item 7: Type of Clients**

Coltrane currently provides investment management services exclusively to the Funds, which are privately-offered, alternative investment funds. Certain Funds have a minimum subscription amount of \$5,000,000. Certain Funds have no minimum investment. The Fund's general partner may, however, in its sole and absolute discretion, accept subscriptions of lesser amounts on behalf of the Fund. Further, any initial and additional subscription minimums for investors are disclosed in the Funds' offering documents.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### *Item 8.A*

Coltrane employs an investment strategy built around a value oriented methodology focusing on security selection in equities but for certain Funds, also opportunistically investing in credit. Coltrane believes that many investors limit their opportunity set due to various predetermined mandates that compromise their ability to capture the full range of investment ideas. While Coltrane appreciate that there can be areas of specialization, certain Funds retain the ability to invest across multiple geographies, industries and types of securities. Coltrane's investment philosophy is to be agnostic as it relates to the size of a given capital structure and to the sector in which it lies; discriminating only between ideas based on their probability to generate returns. To fulfill our objective, Coltrane commits to maximizing the opportunity set of potential investment candidates over maximizing the assets under management.

Coltrane follows a value investing framework that, at its core, identifies securities that appear to be trading significantly above or below their theoretical fair value. The risk in value investing is potentially having too academic an approach to security valuation. Therefore the research methods we employ focus as much on ascertaining the likelihood of a security achieving its fair value as calculating the fair value itself. Coltrane generally consider the following metrics in formulating investment strategies:

#### ***Quantitative Considerations***

- Valuation versus comparable peers
- DCF Valuation
- Underlying Free Cash Flow characteristics
- Trading price versus book value
- Trading multiple versus earnings growth profile

#### ***Qualitative Considerations***

- Alignment: Do management incentives align to achieve the value we recognize?
- Events: Are there certain events that can explain why in the near term a security trades significantly above or below its fair value that might not last in the long term?
- Differentiation: Is there a differentiated way to look at a security that the market will come to realize only over time and hence re-rate a security?

#### ***Methods to Source and Evaluate***

- A 'playbook' of past investment cases: History often repeats itself
- Analyst team: Individuals who can test each other's views
- Proprietary screens: Trawl through many ideas to find the few that might matter
- Proprietary valuation techniques and models: Aim to ultimately figure things out ourselves
- The press: Newspapers, blogs and twitter feeds can be a powerful source of information
- Other investment advisors: A network of people to test our ideas against
- Dialog with companies: Essential to understanding incentives and industry dynamics

- Investment banks and independent research: Certain firms can add considerable value if used effectively

It is essential to cast a wide net, so that there is an array of securities up for evaluation at any given point. Coltrane has a process that prioritizes researching securities where the characteristics are believed to be consistent with the best risk-reward opportunities.

*Investment in a Fund is speculative and involves certain risks. Investors should have the ability to bear the risk of a loss of their entire investment. Certain of these risks are summarized below. Not all of the risk associated with an investment in any Fund are included below, Investors and potential investors should review each applicable Memorandum carefully to review the specific risks and conflicts of interest identified therein. The Fund may not be suitable for all investors, and is intended for sophisticated investors who can accept the risks associated with its investments. Investors will not have recourse except with respect to the assets of the Fund. Prospective investors should consider, among others, the risk factors and potential conflicts of interest described in this section.*

#### *Item 8.B*

**General Investment Risks.** All Fund investments risk the loss of capital. There can be no assurance that the Fund's investment program will be successful or that investments made by the Fund will increase in value. An Investor in the Fund could lose its entire investment in the Fund. All Investors in the Fund should consult their own legal, tax and financial advisors prior to investing in the Fund.

**Limited Withdrawal and Transfer Rights.** Redemption, withdrawal and transfer of capital is limited, and subject to suspension or delay upon the sole and absolute discretion of the general partner of the Fund. Accordingly, the Interests should only be acquired by investors willing and able to commit their assets for an appreciable period of time.

**Possible Effect of Substantial Withdrawals.** A substantial withdrawal of an Investor's capital poses an investment risk to the remaining Investors and may adversely impact certain Fund's positions and net asset value. The Fund may be required to liquidate positions, borrow cash where applicable and pledge portfolio assets as collateral as a result of the substantial withdrawal.

**Incentive Allocation.** The allocation of a percentage of the Fund's net profits to the Funds' general partner creates an incentive for Coltrane, an affiliate of the general partner, to make investments on behalf of the Fund that are riskier or more speculative than would be the case if this allocation was not made.

**Management Fee.** For Certain Funds, Coltrane's management fee is dependent on the net asset value of the Fund and is higher for a lower net asset value, the management fee typically increases simultaneously as the clients experience a decrease in their capital account balances.

**Dependence on Key Management Personnel.** Continued service of key individuals of Coltrane is not guaranteed and its loss could have a material adverse effect on the performance of

the Fund. Coltrane may engage in a broad spectrum of activities, including financial advisory services, brokerage services and principal investments.

***Lack of Management Rights; Reliance on Third Party Advisors.*** The Investors will have no opportunity to control or evaluate information relating to the day-to-day operation, including investment and disposition decisions. Neither the Fund nor Coltrane will have any liability to Investors for any reliance upon third-party advice.

***Limitations on Actions and Indemnification.*** Clients have a limited right of action in certain cases and in certain cases will be required to indemnify Coltrane, the Fund's general partner and their agents for liabilities incurred in connection with their activities on behalf of the Fund.

***Valuation of the Assets and Liabilities of the Fund.*** Valuation of client's assets is final. The valuation may be difficult to determine, may not represent the value that will be realized by the Fund on the immediate or eventual disposition of the investment, and may affect the diversification and risk management of the Fund's portfolio.

***Recent Developments in Financial Markets.*** Unforeseen developments in the global financial markets, such as legal, regulatory, reputational, and other unforeseen risks, may adversely affect the clients, Coltrane and the Funds' business and operations.

***Financial Markets and Regulatory Change.*** Laws and regulations applicable to the Fund's activities can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the interests of the Fund.

***Enhanced Regulation of the OTC Derivatives Markets.*** The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, has imposed regulation on OTC derivatives transactions that could negatively impact certain Funds, increasing costs, and limiting the Fund's ability to engage in such transactions.

***Financial Market Fluctuations.*** General fluctuations in interest rates and the market prices of securities and other assets may adversely affect the value of the Fund's investments.

***Market Conditions.*** Market conditions are uncertain and create risk that Coltrane may not be able to plan for or mitigate.

***Counterparty Risk.*** Coltrane may enter into counterparty transactions that expose the parties to the risk of counterparty default that is unpredictable and may not be anticipated or otherwise adequately addressed.

***Bankruptcy of Broker-Dealers.*** While, in the event of the bankruptcy of a broker-dealer, some assets may be protected to the extent available under the assets' jurisdiction, subject to the applicable limit, the Funds could be at risk of loss for any amounts to the extent that the broker-dealer does not maintain insurance sufficient to cover any amounts owed.

***Confirmation, Settlement, and Operational Risks.*** Certain Funds may enter into "over the counter" or otherwise non-standard transactions that may burden Coltrane's ability to manage

the Funds' portfolio and incur the risk of system failure, error, loss due the failure of the counterparty to confirm the trade, and litigation expenses with no guarantee of recovery.

***Systems Risk.*** Coltrane and the Fund rely on computer programs, Coltrane's internal infrastructure and services, and data provided by third parties in its investment operations. Any defect or failure of such services could have a material adverse effect on the Fund.

***Risk Control Framework.*** No risk control system is fail safe, and no assurance can be given that any risk control framework designed or used by the Fund or Coltrane will achieve its objective.

***Execution Risks and Investment Manager Error.*** Slippage, errors and miscommunications with brokers and counterparties are possible and may result in losses to the Funds. Investors and the Funds waive potential claims for damages arising from the operation of the Fund, including damages resulting from Coltrane's gross negligence, and expect some execution losses to the Funds.

***Use of Special Purpose Entities; Co-Investments.*** Certain Funds may use special purpose entities to purchase, hold or dispose of investments, enter into joint venture arrangements, co-invest with third parties and otherwise participate in pooled investment vehicles with others, thus incurring additional costs, risks, liabilities and possible conflicts of interest.

***Absence of Investment Company Act Registration.*** While the Funds do not intend to register under the Investment Company Act, new legislation or regulations could require registration of the Funds or affiliated entities under the Investment Company Act or similar regulations which could negatively impact the Fund's investment strategy, expenses and performance.

***Modification of Terms.*** Coltrane may waive or modify the application of any provision to certain Investors. Special transparency and liquidity rights for certain Investors may have an adverse impact on the remaining Investors' ability to withdraw/redeem their interests or shares. Certain Investors may have rights to receive information about the Funds that are not furnished to all Investors.

***Master-Feeder Structure.*** The "master-feeder" structure of certain Funds creates a risk of conflicts of interest and that certain Funds will be materially and disproportionately affected by the actions of the other Funds. Further, a creditor of the Funds may enforce legal claims against all assets of the Master Fund.

## **Risks Relating to Fund's Investment Program**

***Nature of Investments.*** There can be no assurance that Coltrane will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments or that the Funds will achieve its investment objective.

***Discretion of the Investment Manager.*** Certain Fund's portfolios may be altered at any time in the sole and absolute discretion of Coltrane and without the approval of any Investor.



***Non-U.S. Securities.*** Investments made outside the United States will be subject to the risks, brokerage taxation and other regulations of the country of investment that may be different from those in United States.

***Currency Risks.*** The Funds invest in highly volatile, specialized markets with investments denominated in non-U.S. currency and in other financial instruments. Dramatic fluctuations in the value of a country's currency could have an adverse impact on the profitability of the Funds.

***Public Market Illiquidity; Illiquidity of Investments Made by the Fund.*** The Funds may invest in instruments issued, as well as assets of, privately held companies and individuals in emerging markets. Such investments may be more illiquid than investments in more established markets, and the Funds may be required to establish special custodial or other arrangements before making certain investments in those countries.

***High Yield Securities.*** Certain Funds may invest in preferred securities which are rated in the lower rating categories by the various credit rating agencies that are subject to higher risk of loss of principal and interest and are considered speculative.

***Investments in Undervalued Assets.*** The Funds may invest in undervalued assets. These investments involve a high degree of financial risk and can result in substantial losses. An Investor should be aware that it may lose all or part of its investment in the Funds.

***Restrictions on Foreign Investment.*** Foreign investment in assets and securities of certain countries' issuers is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in certain issuers and increase the costs and expenses of the Fund.

***Short Sales.*** Certain Funds may sell securities short, thereby increasing the possibility of profit and the risk of loss. A short sale involves the sale of a security that is not owned in the expectation of purchasing the same security at a later date at a lower price. To make delivery to the buyer, the Fund must borrow the security, and the Fund is obligated to pay the lender of the security any dividend or interest payable on the security until it returns the security to the lender. This is accomplished by a later purchase of the security by the Fund. A short sale involves the risk that the market price of the security will increase. In addition, the person from whom the security was borrowed to effect the short sale may demand the return of the security before the Fund had planned. In this situation, the Fund may be forced to cover the short position in the market at a higher price than its short sale.

***Special Situation Investments.*** Certain Funds may from time to time categorize investments that are subject to legal or contractual restrictions on transferability or otherwise not readily marketable without impairing the value of such investments as "Special Situation Investments" which, among other things, may limit the ability of an investor who participates in Special Situation Investments (a "Participating Limited Partner") to withdraw capital attributable to its interest in the Fund.

***Transactions with Affiliates.*** From time to time Coltrane may determine that a sale of positions from one client account to another is in the best interests of both accounts. While these transactions with related parties are expected to expand the universe of opportunities that are

available to the Funds, each Fund will not necessarily derive a benefit from each such transaction, and the Fund and the other party to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are subject to these transactions. Investors will have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions. Affiliates, however, will not earn commissions, spreads or other compensation from the Fund.

***Political, Economic and Social Factors in Investments in Emerging Markets.*** The Fund may make investments in issuers and in the obligations of companies in emerging markets, which may involve non-U.S. Dollar currencies and the Fund may be affected favorably or unfavorably by changes in currency rates (including as a result of the devaluation of a foreign currency) and in exchange control regulations and may incur transaction costs in connection with conversions between various currencies. In addition, regulatory standards and disclosure standards in such emerging markets are generally less stringent than standards in more developed countries, and there may therefore be less publicly available information about companies than is regularly available about companies located in more developed countries. Political and economic structures in countries with emerging economies may lack the social, political and economic stability characteristic of more developed countries and may undergo rapid and significant evolution and development. The stock markets in these countries are possibly more volatile than the stock markets of the developed countries and there may be substantial fluctuations in the prices of listed securities.

***Derivative Instruments.*** Certain Funds may use various derivative instruments which may be volatile and speculative, and which may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses.

Use of derivative instruments presents various risks, including the following:

*Tracking* – When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent Coltrane from achieving the intended hedging effect or expose the Fund to the risk of loss.

*Liquidity* – Derivative instruments may not be liquid in all circumstances, so that Coltrane may not be able to close out a position without incurring a loss. Daily limits on price fluctuations and speculative positions limits on exchanges may prevent prompt liquidation of positions, subjecting the Fund to the potential of greater losses.

*Leverage* – The leverage offered by trading in derivative instruments may magnify the gains and losses experienced by the Fund and could cause the Fund's net asset value to be subject to wider fluctuations.

*Over-the-Counter-Trading* – The risk of nonperformance by the obligor on over-the-counter options may be greater, while disposing of or entering into closing transactions with respect to such an instrument may be harder than in the case of an

exchange-traded instrument. Many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions.

***Futures Trading Is Speculative.*** Certain Funds may engage in highly speculative futures trading, subject to the traditional volatility and rapid fluctuation in the market prices. The effects of governmental intervention may cause these markets to move rapidly, upsetting the prediction of fluctuations in market prices, adversely affecting the Fund.

***Futures Trading Is Highly Leveraged.*** The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the Investors.

***Options.*** Options are highly speculative, and if the right conditions are not met, Certain Funds may lose part or all of its investment in the option, or in the event of the bankruptcy of a broker, may experience delays and/or losses in liquidating open positions purchased or sold through the broker.

***Availability of Suitable Investment Opportunities.*** Certain of the Fund's competitors may have greater financial and other resources and may have better access to suitable investment opportunities, preventing the Fund from entering into suitable investment opportunities.

***Non-Controlling Investments.*** If the Funds makes non-controlling investments, the Funds may have a limited ability to protect its investments.

***Lack of Diversification.*** The Funds' portfolios are not as diversified as other investment vehicles, and so subject to more rapid change in value than would be the case if the Funds were required to maintain a wider diversification.

***Hedging.*** Certain Funds attempts to hedge some of the market and credit risks inherent in its strategy, but may not be successful.

***Leverage.*** Certain Funds may engage in various leveraging techniques that will also increase the risk of loss on such investments.

***Projections.*** The Funds may make investments relying upon projections that are inherently uncertain and subject to factors beyond the control of Coltrane, the failure of which could impair the ability of the Fund to realize projected values and/or cash flow.

***Contingent Liabilities.*** The Funds may incur contingent liabilities, such as purchasing from a lender a revolving credit facility, assuming responsibility for default risk presented by a third party or contracting for default protection to the Funds, and issuing guarantees of indebtedness for special purpose vehicles or other entities in connection with investments made by the Funds.

***Limited Liquidity Investments.*** Limited liquidity investments give rise to a number of risks, such as exposure to risk of loss, management fees, expenses and dilution by other investors' follow-on investments after a withdrawal or redemption. Investors risk additional accrued

expenses created by withdrawn or redeemed participating investors, a greater incentive allocation, and disproportionate allocation of investments.

***Limited Liquidity of the Fund's Assets / Uncertain Exit Strategies.*** The Fund's assets may include illiquid securities and other financial instruments or obligations, the liquidation of which at distressed prices could result in significant losses to the Fund. Thus, Coltrane will be unable to predict with absolute confidence what the exit strategy ultimately will be for any given position, or that one definitely will be available.

***Distributions in Kind / Liquidating Interest.*** The in kind distributions an investor may receive upon withdrawing may be illiquid and subject to the risk of depreciation. An Investor may not be able to dispose of such investments and their value determined by Coltrane for purposes of the determination of distributions may not be realized.

***Increased Regulatory Oversight.*** Increasing regulatory oversight, foreign and domestic, may increase the Fund's and Coltrane's exposure to potential liabilities, legal, compliance and other related costs, and may divert Coltrane's time, attention and resources from portfolio management activities.

***Transactions with Affiliates.*** Coltrane may engage in transactions with affiliated parties where the Fund and the affiliated party may have divergent interests. Investors will have no opportunity to participate in the evaluation of the terms or merits or valuation of any such transactions. Affiliates in the future may earn commissions, spreads or other compensation from the Fund.

***Conflicts Relating to Equity and Debt Ownership by the Fund and Affiliates.*** In certain circumstances, the Funds will be permitted to invest in securities or other instruments of the same issuer (or affiliated group of issuers) having a different seniority in the issuer's capital structure. If the issuer becomes insolvent, restructures or suffers financial distress, there is potential for a conflict between the interests of the Funds insofar as the issuer may be unable (or in the case of a restructuring prior to bankruptcy may be expected to be unable) to satisfy the claims of all classes of its creditors and security holders and the Funds may have competing claims for the remaining assets of such issuers. Under these circumstances it may not be feasible for Coltrane to reconcile the conflicting interests of the Funds in a way that protects each Fund's interests. Additionally, if Coltrane or its nominees hold board or creditors' committee memberships which require them to vote or take other actions in such capacities that might be conflicting with respect to certain funds managed by Coltrane, such votes or actions may potentially favor the interests of one fund over another fund. Furthermore, it is possible that Coltrane's fiduciary responsibilities in these capacities might conflict with the best interests of the investors.

#### *Item 8.C*

*Item 8.B* of this brochure contains details on the material risks involved in the investment strategy employed for the Funds. Please see *Item 8.B* for this information.

**Item 9: Disciplinary Information**

Coltrane is not aware of any legal or disciplinary events that are material to a client's or prospective client's evaluation of Coltrane's advisory business or the integrity Coltrane's management.

## **Item 10: Other Financial Industry Activities and Affiliations**

### *Item 10.A*

Not Applicable

### *Item 10.B*

Not Applicable

### *Item 10.C*

Coltrane Asset Management Holdings, LLC. is an affiliate of Coltrane. Coltrane Asset Management Holdings, LLC. serves as the general partner to Coltrane.

We do not believe our relationship with this entity causes any conflict of interest.

### *Item 10.D*

We do not recommend or select other advisers for clients.

## **Item 11: Code of Ethics. Participation or Interest in Client Transactions and Personal Trading**

### *Item 11.A*

Coltrane has adopted a Code of Ethics (“Code”) that governs a number of potential conflicts of interest Coltrane may have when providing advisory services to the Funds. The Code is designed to encourage a culture of compliance within Coltrane through ethical practices and conduct. The Code covers a variety of guidelines and requirements concerning, among other topics:

- the prohibition of trading of securities while in possession of material non-public information;
- pre-clearance and reporting of certain securities transactions by employees;
- the monitoring of employee outside business affiliations;
- tracking the giving and receiving of gifts and entertainment;
- monitoring and restricting political contributions, when and as required; and
- the maintenance of confidentiality of investment, investor, and employee information.

The Code is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with Coltrane making decisions in the best interest of our Clients. The Code requires pre-clearance of certain personal securities transactions of Coltrane employees. Employee trading is monitored under the Code.

New employees receive training in the policies of the Code upon their arrival at Coltrane, and all employees must acknowledge the terms of the Code upon their arrival and upon any amendment thereto. Employees must also update their personal trading account information and other required disclosures as required by the Code.

Coltrane will provide a copy of the Code to any client or prospective client upon request by contacting us at (212) 259-6042.

### *Item 11.B*

Not Applicable

### *Item 11.C*

Employees of Coltrane are prohibited from trading on behalf of their personal accounts or any client account on the basis of any material, non-public information.

Coltrane’s policy is that employees must notify the Chief Compliance Officer prior to opening a personal trading account. Coltrane has implemented policies and procedures designed to prohibit trading while in possession of material, non-public information.

*Item 11.D*

Coltrane will engage in a cross-trade if it is in the best interests of all affected client accounts, and will only perform such a transaction under those circumstances.

Section 206(3) of the Advisers Act makes it unlawful for Coltrane to act as a principal on the other side of a transaction with a client (a “Principal Transaction”) without first disclosing in writing to the client the fact that Coltrane will be acting as principal on the other side of the transaction, and obtaining the consent of the client to the transaction. Coltrane will seek the required consent before engaging in any Principal Transaction.



## **Item 12: Brokerage Practices**

### *Item 12.A*

It is Coltrane's policy to seek to obtain best execution when effecting transactions on behalf of clients. In determining which broker-dealer generally provides the best available price and most favorable execution, Coltrane considers a totality of circumstances, including, but not limited to, the broker-dealer's research capabilities and the success of prior research recommendations, ability to execute difficult trades (possible market impact, size of the order and market liquidity), commitment of capital, access to new issues, nature and frequency of sales coverage, depth of services provided, including economic or political coverage, arbitrage and option operations, back office and processing capabilities, financial stability and responsibility, reputation, access to markets, ability to locate short positions, confidentiality, commitment of capital, ability to handle block orders, commission rate and responsiveness to Coltrane and the value of research and brokerage and research products and services provided by such broker-dealers. In addition, Coltrane has the authority to execute trades with brokers and dealers with whom the Funds or Coltrane has other business relationships, including prime brokerage, credit relationships and capital introduction or investments by affiliates of the broker-dealers in the Funds or other entities managed by Coltrane. However, Coltrane does not intend for these other relationships to influence the choice of brokers and dealers who execute trades for the Funds.

Coltrane uses soft dollars generated by certain Funds to pay for investment research and brokerage services. Coltrane limits the use of such soft dollar credits to obtain products and services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act.

The use of brokerage commissions to obtain investment research services and to pay for the administrative costs and expenses of Coltrane creates a conflict of interest between Coltrane and the Funds, because the Funds pays for such products and services that are not exclusively for the benefit of the Funds and that may be primarily or exclusively for the benefit of Coltrane. To the extent that Coltrane is able to acquire these products and services without expending its own resources (including Management Fees paid by the Funds), Coltrane's use of "soft dollars" would tend to increase Coltrane's profitability. In addition, the availability of these non-monetary benefits may influence Coltrane to select one broker rather than another to perform services for the Fund.

Coltrane has established policies to mitigate conflicts of interest which arise in connection with the selection of brokers and the use of soft dollars, including:

- (a) establishing a policy relating to the selection of broker-dealers and other brokerage-related topics that may arise;
- (b) conducting periodic reviews of trading activity to better understand and monitor best execution;
- (c) establishing appropriate guidelines for reviewing and approving broker-dealers;
- (d) reviewing exceptions to established guidelines or policies;

- (e) conducting a periodic review of any errors made in client order placement;
- (f) overseeing implementation of the brokerage policies adopted; and
- (g) recommending action to be taken to resolve client account errors.

Coltrane does not have any “directed brokerage” relationships.

### **Trade Errors**

From time to time, a trade error may occur in connection with the investment activities of the Funds. In case of a trade error caused by the broker executing a particular trade, Coltrane will use commercially reasonable efforts to hold the particular broker responsible. In the case of a trade error caused by Coltrane, Coltrane will determine whether to have any costs or losses arising from the trade error borne by the particular Fund, or by Coltrane, by applying the relevant standard of liability (as set forth in the applicable agreement with the Fund) for Coltrane in its management of the applicable Fund. Accordingly, with respect to the Funds, Coltrane will generally be obligated to reimburse a Fund for any trade error resulting from Coltrane’s gross negligence, and not otherwise. Coltrane will itself determine in good faith whether or not a given trade error is required to be reimbursed under the general standard of liability applicable to the Fund. Coltrane will have a conflict of interest in determining the resolution of any trade error and it will attempt to resolve any such conflict by making a good faith, objective determination of the status of any trade error under the applicable liability standard. Trade error costs may be significant, including market losses resulting from the position incorrectly acquired as well as the additional brokerage costs of closing out or reversing the error. The opportunity cost (lost profits) of not having made a trade intended to be made is not considered a trade error cost. Any gains recognized on a trade error will be for the benefit of the affected Fund and none will be retained by Coltrane (other than any incentive allocation as set forth in that Fund’s governing documents).

#### *Item 12.B*

### **Trade Aggregation and Allocation**

In some circumstances, it may be appropriate to buy or sell an investment on behalf of more than one client account at one time or over a period of time. In these circumstances, and as a general matter, we believe that the aggregation of orders for multiple advisory clients is consistent with our duty to seek best execution for our clients. Aggregation of trades generally facilitates more efficient and less costly execution by enabling us to negotiate transactions on a consolidated basis rather than dealing with multiple smaller lots in investment types that normally trade in significant and/or pre-set blocks. We will consider various criteria in the future in deciding when trades for more than one client should be aggregated, should the need to do so arise.

If a security or other instrument is suitable for multiple Clients, it will generally be allocated pro rata across the applicable Clients pursuant to Coltrane’s trade allocation policy. Coltrane may consider the following factors, among others, in allocating securities among its Clients: each Client’s investment objective and strategy; investment restrictions; liquidity; tax implications, etc. Taking these factors into account, Coltrane may allocate certain investment opportunities in a

manner other than pro rata but will strive to allocate trades and investment opportunities in a manner that is fair and equitable to all Clients over time.

### **Item 13: Review of Accounts**

#### *Item 13.A and 13.B*

All accounts are reviewed on a regular basis to determine their conformity with risk parameters, investment objectives, and guidelines. The administrator of the Funds and portfolio manager receive daily updates of portfolio positions and transactions. The portfolio manager and analysts meet regularly to review and discuss portfolio status, potential investments and related issues. Coltrane also has an independent third-party administration firm review monthly statements and reports.

#### *Item 13.C*

The Funds will furnish to Investors, as soon as practicable after the end of each fiscal year, audited annual reports containing financial statements examined by the Funds' independent auditors, as well as such tax information as is necessary for each Investor to complete U.S. federal and state income tax or information returns with respect to its interests in the Funds, along with any other tax information required by law.

Additionally, the Funds will furnish unaudited monthly or quarterly reports showing the Fund Investor's account value, and other periodic reports providing fund and market commentary.

## **Item 14: Client Referral and Other Compensation**

### *Item 14.A*

Coltrane does not receive any economic benefit from anyone other than its clients as a result of the provision of investment advice or other advisory services to the Funds. Furthermore, neither Coltrane nor any related person of Coltrane directly or indirectly compensates any person who is not a supervised person of Coltrane for client or investor referrals.

### *Item 14.B*

Coltrane does not currently use services of a placement agent to offer interests in the Funds. However, Coltrane in the future may enter into arrangements with placement agents where, in return for a referral, Coltrane would pay the placement agent a one-time or ongoing fee based upon the value of the referral's investment into one of the Funds (or a similar arrangement). Any such arrangement with a placement agent will be disclosed to relevant Investors.

**Item 15: Custody**

Coltrane is deemed to have custody of client assets by virtue, among other things, of being able to debit management fees. Physical custody of the assets of the Funds is maintained with a qualified custodian.

The Funds contract with third-party custodians and prime brokers to serve as custodian for securities owned by the Funds and certain private securities and assets.

The administrator of the Funds sends monthly or quarterly statements to Investors, which should be carefully reviewed. On an annual basis, Coltrane delivers audited financial statements to Investors in the Funds within 120-days of fiscal year-end. The Funds are audited annually by an accounting firm that is a member of the Public Company Accounting Oversight Board. The audit of the Funds is conducted in accordance with accounting principles that are generally accepted in the U.S. (i.e., U.S. GAAP).

**Item 16: Investment Discretion**

Coltrane has discretionary authority to manage the assets of the Funds in a manner that is consistent with the objectives and strategies set forth in each Fund's Memorandum. This authority is granted by each Fund to Coltrane pursuant to the investment management agreement between the applicable Fund and Coltrane.

Except as set forth above, there are no limitations placed on this authority.

## **Item 17: Voting Client Securities**

### *Item 17.A and 17.B*

Coltrane follows a proxy voting policy to ensure that the proxies that Coltrane votes, on behalf of each Fund, are voted to further the best interest of that client. The proxy voting policy establishes a mechanism to address any conflicts of interests between Coltrane and the client. Further, the proxy voting policy establishes how clients may obtain information on how the proxies have been voted. Coltrane has retained a third party proxy voting service to assist in coordinating and voting proxies in accordance with Coltrane's proxy voting policy as well as the guidelines set forth in this Item 17.

#### Determination of Vote

Coltrane determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. Coltrane votes in a manner that Coltrane believes reasonably furthers the best interests of the client and is consistent with the investment philosophy as set forth in the relevant investment management documents. Coltrane may refrain from voting a proxy if it determines it is not in the best interest of a client, if the security is not held as of the record date or if Coltrane determines there is no benefit to voting the proxy.

Coltrane will cast votes for these matters on a case-by-case basis. Factors that Coltrane will take into consideration prior to voting a proxy include whether the proposal: (i) was recommended by company management and the Coltrane's opinion of company management, (ii) acts to entrench existing company management, and/or (iii) fairly compensates company management for past and future performance. Coltrane will generally vote in favor of matters which follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices, unless the circumstances counsel otherwise.

#### Resolution of any Conflicts of Interest

If a proxy vote creates a material conflict between the interests of Coltrane and a client, Coltrane will resolve the conflict before voting the proxy. Coltrane will either disclose the conflict to the client and obtain a consent or take other steps designed to ensure that a decision to vote the proxy was based on Coltrane's determination of the client's best interest and was not the product of the conflict.

#### Records

Coltrane may or may not vote proxies depending on the prudence of each proxy vote. Investors that wish to obtain a record of Coltrane's proxy voting policy or proxy voting history can contact Coltrane's Chief Compliance Officer at (212) 259-6042.



**Item 18: Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about the adviser's financial condition. As discussed in Item 5, arrangements with two Funds are being altered to provide for payment of the management fees quarterly in advance. Coltrane has no financial commitment that is reasonably likely to impair its ability to meet contractual commitments to its clients, and has not been the subject of a bankruptcy proceeding at any time during the past ten years.