

# Resonate Capital, LLC

## Form ADV Part 2A

---

### Item 1 - Cover Page

March 30, 2022

Resonate Capital, LLC  
233 Sansome Street, Suite 310  
San Francisco, CA 94104  
415-335-7990

This brochure provides information about the qualifications and business practices of Resonate Capital, LLC (Resonate Capital, Resonate, the Adviser, the Company, the Firm, we or us). If you have any questions about the contents of this brochure, please contact us at 415-335-7990. 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.

Resonate Capital is a registered investment adviser. Registration does not imply any level of skill or training.

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

## Item 2 - Material Changes

This brochure updates Item 4, Regulatory Assets Under Management. There have been no other material changes to this brochure since its last amendment with the SEC.

## Item 3 - Table of Contents

|  |           |
|--|-----------|
| <b>Item 1 - Cover Page.....</b>  | <b>1</b>  |
| <b>Item 2 - Material Changes.....</b>  | <b>2</b>  |
| <b>Item 3 - Table of Contents.....</b>   | <b>3</b>  |
| <b>Item 4 - Advisory Business .....</b>  | <b>5</b>  |
| General Description of Advisory Firm .....   | 5         |
| Advisory Services.....   | 5         |
| Availability of Customized Services .....  | 5         |
| Wrap Fee Programs .....  | 6         |
| Client Assets .....  | 6         |
| <b>Item 5 - Fees &amp; Compensation.....</b>   | <b>6</b>  |
| Management Fees .....  | 6         |
| Incentive Fees and Allocations .....   | 6         |
| Payment of Fees .....  | 7         |
| Additional Fees and Expenses .....   | 7         |
| Additional Compensation.....   | 7         |
| <b>Item 6 - Performance-Based Fees and Side-By-Side Manage- ment .....</b>                                   | <b>7</b>  |
| <b>Item 7 - Types of Clients .....</b>   | <b>8</b>  |
| <b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</b>                            | <b>8</b>  |
| Investment Strategy and Methods of Analysis.....   | 8         |
| Risk Factors .....   | 9         |
| Market Risks .....   | 9         |
| Overall Risks Related to Clients' Investment Strategy .....  | 10        |
| Specific Risks Related to Clients' Investments .....   | 11        |
| Risks Related to Resonate Capital.....   | 13        |
| <b>Item 9 - Disciplinary Information.....</b>  | <b>14</b> |
| <b>Item 10 - Other Financial Industry Activities and Affiliations.....</b>                                   | <b>14</b> |
| Broker-Dealer Registration Status .....  | 14        |
| Futures Commission Merchant, Commodity Pool Operator or Commodity Trad- ing Advisor Registration Status..... | 14        |
| Material Relationships or Arrangements with Related Persons who are Industry Participants .....              |           |

|   |           |
|---|-----------|
| and Potential Conflicts of Interest Among Resonate Funds.....   | 14        |
| Material Conflicts of Interest Relating to Other Investment Advisers .....                                    | 14        |
| <b>Item 11 - Code of Ethics, Participation or Interest in Client Trans- actions and Personal Trading.....</b> | <b>15</b> |
| Code of Ethics.....   | 15        |
| Securities in which Resonate or a Related Person Has a Material Financial Inter- est .....                    | 16        |
| Other .....   | 16        |
| Investing in Securities that Resonate or a Related Person Recommends to Cli- ents.....                        | 16        |
| Contemporaneous Trading.....  | 17        |
| Allocations of Trades and Investment Opportunities .....  | 17        |
| Order Aggregation and Average Pricing.....  | 18        |
| Business Continuity Plan.....   | 18        |
| <b>Item 12 - Brokerage Practices .....</b>  | <b>18</b> |
| Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions .                      | 18        |
| Compliance with the Law .....   | 19        |
| Adherence to Fiduciary Duty.....  | 19        |
| Best Execution .....  | 19        |
| Research and Other Soft Dollar Benefits .....   | 19        |
| Brokerage for Investor Referrals.....   | 20        |
| Directed Brokerage.....   | 21        |
| Order Aggregation .....   | 21        |
| Trade Errors .....  | 21        |
| <b>Item 13 - Review of Accounts.....</b>  | <b>22</b> |
| Periodic Review of Client Accounts .....  | 22        |
| Non-periodic Review Triggers .....  | 22        |
| Client Account Reporting .....  | 22        |
| <b>Item 14 - Client Referrals and Other Compensation.....</b>   | <b>22</b> |
| Economic Benefits for Providing Services to Clients .....   | 22        |
| Compensation to Non-supervised Persons for Client Referrals.....  | 22        |
| <b>Item 15 - Custody.....</b>   | <b>23</b> |
| <b>Item 16 - Investment Discretion .....</b>  | <b>23</b> |
| <b>Item 17 - Voting Client Securities.....</b>  | <b>23</b> |
| <b>Item 18 - Financial Information.....</b>   | <b>24</b> |

## Item 4 - Advisory Business

### General Description of Advisory Firm

Resonate Capital, a California limited liability company, is an investment adviser established on February 14, 2013 to provide services as an investment adviser and is solely owned by John H. Aiken. The Firm commenced operations as a California Exempt Reporting Adviser on June 4, 2013 and transferred to SEC registration in April 2015. Mr. Aiken is the principal owner, President, and portfolio manager of Resonate Capital.

### Advisory Services

Resonate Capital provides discretionary investment management services to pooled investment vehicles, the securities of which are offered to investors on a private placement basis and are exempt from registration under the Securities Act of 1933, as amended. The investment funds sponsored by Resonate Capital are referred to herein as the “Resonate Funds” and are exempt from registration as investment companies under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements for private placement transactions inside the United States. Resonate Capital may also serve as an investment adviser to high-net worth individuals, organizations, and trusts referred to herein as “Managed Accounts.” Together, the Resonate Funds and Managed Accounts are collectively referred to herein as “Clients.” As of March 26, 2015, Resonate Capital has sponsored a single Fund, Resonate Core, LP (“Resonate Core”) and, as of May 1, 2015, has one Managed Account relationship.

As the discretionary investment adviser to each Client, Resonate directs the investment and reinvestment of capital in accordance with each Client’s governing documents. In addition, Resonate is responsible for the management of Client affairs, including exclusive authority and oversight over management policy, operations and general administration of Client business.

Resonate seeks investment opportunities that deliver superior absolute risk-adjusted returns, specifically in securities of companies that deliver or apply emerging technologies and the companies those technologies may impact, as more fully set forth below in Item 8. Resonate expects to concentrate its investments in publicly-traded equity and equity-related US and non-US securities. To a lesser extent, Resonate may invest in preferred stocks, convertible securities, warrants, rights, swaps and other derivative instruments, bonds and other fixed income securities, including money market instruments.

### Availability of Customized Services

Resonate’s advice with respect to the Resonate Funds is subject to their individual investment programs, which differ due to, among other reasons, various investment restrictions and types of investors. The Resonate Funds include, for example, partnerships designed specifically for U.S. taxable investors, which may utilize margin borrowings and other forms of leverage. The investment mandate, terms and restrictions for each Resonate Fund are set forth in its offering documents.

Resonate Capital may enter into a number of Managed Account relationships designed to meet the individual needs of prospective Managed Account holders. Resonate does not anticipate entering into any Managed Account relationships that carry restrictions or investment objectives that do not align with one or more of Resonate’s existing investment strategies. Managed Accounts may, however, carry restrictions related to security type, industry, exposure concentration and individual position size among other limitations as individually negotiated and defined in each Managed Account’s investment management agreement.

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Resonate Funds described herein. Such an offering will only be made pursuant to the delivery to prospective investors of a private placement memorandum, which describes investment objectives, specific risk factors, potential conflicts of interest and other important features of a particular Resonate Fund.

### Wrap Fee Programs

Not applicable.

### Client Assets

Assets under management as of December 31, 2021 were approximately \$201,589,141 (based on unaudited financial data), all of which are managed on a discretionary basis.

## Item 5 - Fees & Compensation

### Management Fees

Management fees payable to Resonate Capital may vary by Client and are established pursuant to the Clients' respective offering documents or investment management agreements. Management fees charged to Resonate Capital Clients range from 1.0 - 1.5% per annum of capital under management.

Management fees for Resonate Core are deducted from the capital accounts of limited partners quarterly in advance. Resonate Core management fees will generally be prorated for any subscriptions or withdrawals by investors that are effective other than as of the first day of each quarter. Detailed descriptions of management fee calculations are outlined in each Fund's offering documents. Resonate may waive or reduce management fees for certain classes of investors, including employees and affiliates of Resonate Capital, at its discretion.

All management fees for Managed Accounts are subject to negotiation. Management fees for Managed Accounts are billed quarterly in advance.

### Incentive Fees and Allocations

Incentive fees payable or incentive allocations allocable to Resonate Capital may vary by Client and are established pursuant to the Resonate Clients' respective offering documents or investment management agreements. Incentive fees and allocations for Resonate Clients are calculated at fiscal year-end and range from 10.0 - 17.5% of the amount by which the profits (including realized and unrealized gains) otherwise allocable to each capital account or Managed Account in the current fiscal year exceed that capital account or Managed Account's remaining Unrecouped Losses. "Unrecouped Losses" of a capital account or Managed Account are all losses allocated to that capital account or Managed Account reduced (but not below zero) by all profits subsequently allocated to that capital account or Managed Account. This is what is sometimes referred to as a "high water mark" provision. In summary, losses incurred with respect to a capital account or Managed Account prior to the current fiscal year must be recouped before an Incentive Fee and Allocation is made with respect to that capital account in the current fiscal year.

Incentive fees and allocations for Resonate Core are deducted directly from the capital accounts of limited partners annually in arrears.

All incentive fees and allocations for Managed Accounts are subject to negotiation and are established pursuant to each Managed Account's investment management agreement. Managed Account incentive fees and allocations are billed to Managed Accounts annually in arrears.

Resonate may waive or reduce incentive fees or allocations for certain classes of investors, including employees and affiliates of Resonate Capital, at its discretion.

### Payment of Fees

Management fees are deducted from the assets of a Resonate Fund quarterly in advance and incentive or performance-based allocations are generally deducted from the assets of Resonate Funds annually in arrears.

In all cases, clients and investors bear expenses and the pro rata portion of the management fee and the incentive fee or allocation through the date of termination or withdrawal. All prepaid but unearned advisory fees are refunded on termination of a client's account.

### Additional Fees and Expenses

To the extent permitted under the Resonate Funds' offering documents, the Resonate Funds are obligated to pay for all legal, auditing and accounting fees, tax preparation expenses, investment expenses and all other expenses of each respective Resonate Fund, including, without limitation, custodian fees, taxes on securities transactions, brokerage fees, commissions and any other similar fees, research services, consulting expenses and other third party research-related expenses, clearing expenses, government registration fees, fees to an administrator, entity-level taxes, organizational expenses and other similar or extraordinary expenses related to the operation of the respective Resonate Fund. See Item 12 for further discussion of fees associated with brokerage practices.

Resonate Capital maintains responsibility for all of its separate expenses arising out of its services to Clients, including all of its general overhead expenses (including the rent of its offices, compensation and benefits of its staff, maintenance of its books and records, and its fixed expenses, communications equipment, and general purpose office equipment), but is not responsible for any Client operating expenses. All organizational costs and expenses related to an offer and sale of interests are also borne by Resonate Capital.

### Additional Compensation

Not applicable.

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

As noted in Item 5, Resonate Capital accepts incentive-based fees/allocations from the Resonate Funds. From time to time, Resonate may elect to manage Resonate Funds that charge only management fees and do not charge performance fees/allocations or vice versa. In situations where certain Resonate Funds pay performance fees/allocations and other Resonate Funds do not (or will pay a smaller performance fee or allocation due to the existence of a high water mark or otherwise), there can be an incentive for Resonate to favor those Resonate Funds that pay performance fee/allocations (or higher performance fee/allocations), for example, through its allocation of investment opportunities. Clients should furthermore be aware that performance-based fees/allocations may be deemed to create a conflict of interest for Resonate, as there can be an incentive for Resonate to make investments that are riskier or more speculative than would be the case in the absence of a performance fee/allocation. To mitigate these inherent conflicts of interest, Resonate has designed and implemented allocation policies and procedures (discussed more fully in Item 11D) that seek to ensure investments are allocated among the Resonate Funds on what Resonate deems to be an equitable basis without regard to Resonate's own pecuniary interest.

## Item 7 - Types of Clients

Resonate Capital provides investment advice to the Resonate Funds, as described above in Item 4. Beneficial owners of managed accounts may include some or all of the following types of investors: high net worth individuals, trusts, estates, business entities, sovereign wealth funds, pension funds, endowments, foundations or charitable organizations. Investors in the Resonate Funds may also include high net worth individuals, pension plans, fund-of-funds and corporations, admitted to the Funds at the sole discretion of Resonate Capital. The Resonate Funds are made available to investors who are “Accredited Investors<sup>1</sup>” as defined under the U.S. Securities Act of 1933, as amended, and, also qualify as either “Qualified Clients<sup>2</sup>” under Rule 205-3 of the Investment Advisers Act of 1940 or “Qualified Purchasers<sup>3</sup>” within the meaning of the Investment Company Act of 1940.

The governing documents for each Resonate Fund may set minimum amounts for investment by prospective investors. The minimum investment amount for Resonate Core, LP is \$25,000,000. Resonate reserves the right to modify or waive minimum new investment commitments for the Resonate Funds from time to time. Minimum investment amounts for managed accounts will be determined on a case-by-case basis.

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

### Investment Strategy and Methods of Analysis

Resonate Capital views the Internet as an enormous investment research database. Our unique investment process utilizes extensive “web mining” to extract information and insights from the growing digital footprint left by the actions of everyday consumers. As an early adopter of non-traditional data collection methods—web-extraction, industry dataset analysis, and sentiment analysis—Resonate Capital believes it is “ahead of the curve” and, thus, in a better position to identify emerging secular and cyclical trends than other managers that rely solely on traditional fundamental analysis. With this said, Resonate Capital does not ignore traditional fundamental analysis. Rather, it rigorously tests the data collected through non-traditional methods against traditional data points such as market position, current and long term trends, balance sheet strength, cash flow generation and other information taken from publicly-filed SEC reports and analysts’ meetings and the like.

At the company specific level, Resonate Capital employs a variety of non-traditional data analysis techniques and traditional fundamental bottom-up analysis to identify those companies whose secular or cyclical prospects may not be fully recognized by the market at large or reflected in the market price. When assessing a company’s value, Resonate Capital considers a number of factors that may influence the company’s earnings potential. Resonate Capital expects to review the Resonate Funds’ portfolios

---

<sup>1</sup> An “Accredited Investor” is: (1) an individual who has generated \$200,000 per year in income for the past two years and has a reasonable expectation of doing so in the future; (2) an individual and spouse with aggregate income of \$300,000 per year for the past two years, or (3) an individual with a net worth of \$1.0 million or more (excluding the value of the primary residence of such person).

<sup>2</sup> A “Qualified Client” is: (1) a natural person and spouse who, or a company that, has at least \$1.0 million in assets under management with the adviser; (2) a natural person and spouse who, or a company that, has a net worth of more than \$2.0 million; (3) a “qualified purchaser” as defined under Section 2(a)(51)(A) of the Investment Company Act of 1940; (4) an executive officer, director, trustee, general partner or person serving in a similar capacity for the investment adviser; or (5) an employee who in connection with his or her regular functions or duties performs investment activities for such investment adviser.

<sup>3</sup> A “Qualified Purchaser” is defined in Section 2(a)(51) of the Investment Company Act of 1940, as an individual or certain family companies with an investment portfolio greater than \$5.0 million or an institution with an investment portfolio greater than \$25.0 million.



frequently to determine whether it believes each investment continues to show progression in the fundamentals that made it appealing when it was first added to the portfolio. Resonate Capital's top-down analysis focuses on factors it believes are likely to influence, either positively or negatively, the direction of capital markets and specific sectors set forth herein. Within this top-down context, Resonate Capital attempts to identify emerging secular trends as well as inflection points within more mature cyclical technology markets.

On the long side, Resonate Capital's analysis of a potential investment focuses on valuing a company and purchasing its securities if Resonate Capital believes it has strengthening trends in its core business, there exists a favorable risk to expected return, or if Resonate Capital identifies one or more catalysts that it believes may increase the security price over time.

On the short side, Resonate Capital uses a similar research process to determine whether certain fundamental factors (examples include: deteriorating trends in their core business, competitive disadvantages, management turnover, unrealistic Wall Street analyst expectations, increased consumer and investor skepticism, or a weak trading chart) are reflected in a company's stock price or if Resonate Capital identifies one or more catalysts that it believes may decrease that market price over time.

## Risk Factors

All investments risk the loss of capital. There is no assurance that Resonate will be able to generate positive returns for its Clients or that the returns will be commensurate with the risks of investing in the securities and strategies described herein. Although Resonate attempts to identify, monitor and manage significant risks, these efforts do not necessarily take all risks into account and there can be no assurance that these efforts will be effective. Any inadequacy or failure in Resonate's risk management efforts could result in material losses for its Clients. The following risk factors do not purport to be a complete list or explanation of the risks associated with the activities of Resonate Capital and its Clients. A more complete discussion of these risks can be found in each Resonate Funds' Private Placement Memorandum or Client's Investment Management Agreement.

## Market Risks

*General Market Risk.* As with any investment, there is a risk that the price of a security will rise or fall. There could be many reasons for a decline or increase in the price of a security. These include changing economic, political or market conditions and changes in interest rates.

*Investments in Securities Generally.* Investments in securities and other financial instruments entail general investment risks that all investors face. Securities prices can be volatile. The markets for the securities Clients hold can experience periods of substantial illiquidity. Regulatory bodies can suspend the trading of securities. Securities prices are influenced by many unpredictable factors and Clients are competing for investment opportunities with other investors, many of which have greater investment research and other resources than Resonate Capital. Resonate Capital believes that its investment strategies and research techniques will moderate risk through careful securities selection. However, risk cannot be eliminated. No guarantee or representation is made that Resonate Capital's investment programs will be successful or that Clients' investment objectives will be achieved. Resonate Capital can never learn all relevant information regarding a company or a security. Resonate Capital may misinterpret or incorrectly analyze the information that it has about a particular security. These and other factors may cause Resonate Capital to (a) invest in securities at times that will lead to losses in Clients' portfolios and may cause a Client to lose a significant portion of its investment or (b) refrain from investing in particular securities at times that would have resulted in gains in Clients' portfolios if Resonate Capital would have caused Clients to invest.

*Liquidity Risks.* Clients may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because Clients' positions in a security are large in relation to the overall market for the security. Clients may own securities that are relatively liquid when

acquired but that become illiquid after Clients invest. Clients may not be able to liquidate illiquid securities positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing Clients' profits, or increasing its losses, in the positions. The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining ownership percentages and determining profit and loss may differ from the value Clients are ultimately able to realize on those securities.

*Institutional Risk.* Resonate Capital may enter into contractual arrangements with various brokerage firms, banks and other institutions. There is a possibility that the institutions, including brokerage firms and banks, with which Clients do business will encounter financial difficulties that may substantially impair the operational capabilities or the capital position of Clients.

Clients' securities will be entrusted to a qualified custodian. If such custodian or affiliate becomes insolvent, Clients may not be able to recover such equivalent securities in full or any such recovery may be delayed. In addition, Clients' cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and Clients will therefore rank as an unsecured creditor in relation thereto.

### Overall Risks Related to Clients' Investment Strategy

*Broad Discretionary Power to Choose Investments and Strategies.* Clients give Resonate Capital broad discretionary power to decide what investments Clients will make and what strategies it will use. While Resonate Capital currently intends to use the strategies described within this ADV Part 2 Brochure and its offering documents, it is not obligated to do so, and it may choose other investments and strategies that it believes are advisable.

*Concentration of Investments.* Resonate Capital intends to concentrate Clients' investments in securities of companies that deliver or apply emerging technologies and the companies those technologies may impact positively or negatively. Clients' offering documents do not limit the amount of Clients' capital that may be committed to any single investment, industry or sector. Resonate Capital will attempt to spread Clients' capital among a number of investments. From time to time, however, particularly when Resonate Capital expects significant changes in Clients' capital, Clients may hold a relatively small number of securities positions, each representing a relatively large portion of Clients' capital. Losses incurred in such positions could have a materially adverse effect on Clients' overall financial condition.

*Volatility.* Clients' investments are subject to the risks of market volatility, which may be severe. Such market volatility may be caused by, among other things, unpredictable domestic and international economic and political events that, in turn, may cause sudden reductions in the value of Clients' investments.

*Investments in Micro-, Small- and Medium-Capitalization Companies.* Resonate Capital may invest a portion of Clients' assets (either directly or through derivative securities) in stocks of companies with relatively small market capitalizations. Micro-, small- and medium-cap companies often are not well-known to the investing public, may not have significant institutional ownership, and may have cyclical, static or only moderate growth prospects. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies in that their prices may decline over short or even extended periods and may otherwise be volatile, and they generally have lower trading volumes than the securities of larger capitalization companies. Accordingly, Clients should have long-term investment horizons.

In addition, Resonate Capital may invest Clients in micro-, small- or medium-cap companies that are followed by relatively few securities analysts, with the result that there will tend to be less publicly available information concerning the securities compared to what is available for exchange-listed or larger companies. The securities of these companies may have limited trading volumes and be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market

averages in general, and Clients may be required to deal with only a few market-makers when purchasing and selling these securities. Transaction costs in micro-, small- and medium-capitalization stocks may be higher than in those of larger capitalization companies. Companies in which Clients are likely to invest also may have limited product lines, markets or financial resources, and may lack management depth and may be more vulnerable to adverse business or market developments.

*Short Selling.* Resonate Capital may engage in short selling. Short selling involves selling securities which may or may not be owned by the seller and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Securities may be sold short by Resonate Capital in a long/short strategy to hedge a long position, or to enable Resonate Capital to express a view as to the relative value between the long and short positions. There is no assurance that the objectives of these strategies will be achieved, or specifically that the long position will not decrease in value and the short position will not increase in value, causing Client losses on both components of the transaction. In addition, when Resonate Capital effects a short sale, it may be obligated to leave the proceeds thereof with the broker and also deposit with the broker an amount of cash or other securities (subject to requirements of applicable law) that is sufficient under any applicable margin or similar regulations to collateralize its obligation to replace the borrowed securities that have been sold.

*Leverage/Margin.* Resonate Capital anticipates trading on margin or otherwise using leverage. Although it intends to adopt guidelines for the amount of leverage that may be employed, Clients' offering documents do not have any such restrictions. Resonate Capital may leverage its investment positions by borrowing funds from broker-dealers on margin. Under certain circumstances, the broker may demand an increase in the collateral that secures Clients' obligations, and if Clients are unable to deposit additional collateral, the broker or dealer could liquidate the securities held in Clients' accounts to satisfy Clients' obligations. Liquidation in that manner could have extremely adverse consequences for Clients, including sales at disadvantageous times and acceleration of tax consequences.

*Hedging Activities.* Resonate Capital intends to utilize various financial instruments or transactions as a hedge against adverse market fluctuations. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to offset the performance of one or more portfolio positions. Hedging transactions may limit the potential for a gain because an offsetting position may generate a loss though the portfolio generated a gain. The success of Resonate Capital's hedging transactions is subject to its ability to identify and structure appropriate hedges. Thus, there is no assurance that a transaction entered into to reduce risk will not result in a poorer overall performance than if Resonate Capital had not engaged in such hedging transaction. Clients' portfolios will always be exposed to certain risks that cannot be fully hedged, such as credit risk (relating both to particular securities and counterparties) and liquidity risk.

### Specific Risks Related to Clients' Investments

*Equity Securities.* The equity and equity-linked securities in which Clients invest will be subject to general movements in the stock market. Equity security prices fluctuate for several reasons, including changes in the financial condition of a particular issuer, investors' perceptions of the issuer's industry, the general condition of the relevant stock market, changes in interest rates, or when political or economic events affecting the issuers occur.

*Debt Securities.* Clients may invest in convertible debt and other fixed income securities. These securities are generally bonds or other debt instruments issuers use as a means of borrowing money. The issuer generally pays the investor a fixed, variable or floating rate of interest and, at the maturity of the instrument, must repay the amount borrowed. Some debt securities (e.g., zero coupon bonds) do not pay current interest, but are sold at a discount to their face values. Debt securities have varying levels of sensitivity to changes in interest rates and varying degrees of credit quality. Assuming other factors remain constant (e.g., the credit worthiness of the issuer), bond values generally rise (increase in value) when interest rates fall and fall (decrease in value) when interest rates rise.

*Foreign Securities.* Resonate Capital anticipates investing in foreign securities. Such investments may be valued in various currencies. Non U.S. dollar assets pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability). Clients will be exposed to risks in the countries where the securities in which it has invested are listed or traded such as expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. In some markets and countries, the quantity and reliability of information that is available regarding an issuer's securities may be limited. Also, issuers may not be subject to comparable accounting, auditing and financial reporting standards and requirements as those in effect in the world's most developed nations. All governments provide different levels of supervision and regulation of securities exchanges, brokers and issuers, and some may have less favorable or developed bankruptcy and insolvency laws. All markets also have different clearance and settlement procedures, which in some markets have at times failed to keep pace with the volume of transactions. Deficiencies with settlement procedures can create substantial delays and settlement failures that could adversely affect Clients' performance. There can be no assurance that, should Resonate Capital decide to hedge Clients against such exposures, suitable instruments will be available or that such hedging transaction will be effective.

*Options Generally.* The trading of options is highly speculative and may entail risks that are greater than those present when investing in other securities. Prices of options are generally more volatile than prices of other securities. To some degree, Resonate Capital will be speculating on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the option. A change in the market price of the underlying securities or underlying market index may cause a much greater change in the price of the option contract. In addition, to the extent that Resonate Capital purchases options for Clients that it does not sell or exercise, Clients will suffer the loss of the premium paid in such purchase. To the extent that Resonate Capital sells options on Clients' behalf and must deliver the underlying securities at the option price, Clients have a theoretically unlimited risk of loss if the price of such underlying securities increases. To the extent that Resonate Capital must buy the underlying securities, Clients risk the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

Stock or index options that may be purchased or sold by Resonate Capital for its Clients may include options not traded on a securities exchange. Options not traded on an exchange are not issued by the Options Clearing Corporation; therefore, the risk of nonperformance by the obligor on such an option may be greater and the ease with which Resonate Capital can dispose of such an option for its Clients may be less than in the case of an exchange traded option issued by the Options Clearing Corporation.

Special risks are associated with the use of options. A decision as to whether, when and how to use options involves the exercise of skill and judgment which are different from those needed to select other portfolio securities, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior, currency fluctuations or interest rate trends. If Resonate Capital is incorrect in its

forecasts regarding market values or other relevant factors, Clients may be in a worse position than if Clients had not engaged in options transactions. The potential loss incurred by Clients when Resonate Capital writes uncovered options is unlimited. When options are used as a hedging technique, there can be no guaranty of a correlation between price movements in the option and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging vehicle, so that Clients' return might have been better had hedging not been attempted.

*Options Trading.* Resonate Capital anticipates buying and selling (writing) put and call options. Its options transactions may be integral to the core investment strategy, part of a hedging tactic (i.e., to offset the risk involved in another long or short securities position or to reduce overall market, industry, or interest rate exposure), to benefit from price movements in a large number of securities with a small commitment of capital, to take advantage of the potential for "premium decay," or in combinations as part of a more complex strategy as to particular securities, combinations of securities, industries, or market movements generally.

*Call Options.* Resonate Capital will engage in sales or purchases of call options. The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option.

The buyer of a call option assumes the risk of losing his or her entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security.

*Put Options.* Resonate Capital will engage in sales or purchases of put options. The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option.

The buyer of a put option assumes the risk of losing his or her entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

*Derivatives.* Clients may be invested in various types of derivative security transactions. Trading in these types of securities is speculative and involves a high degree of risk. Trading in these types of securities may be part of a hedging tactic (i.e., to offset the risk involved in another long or short securities position or to reduce overall market, industry, interest rate or foreign currency exposure), to benefit from price movements with a small commitment of capital, or in combinations as part of a more complex strategy as to particular securities, combinations of securities, industries, or market movements generally. The leverage offered by trading in these types of securities could cause the value of an investment with Resonate Capital to be subject to more frequent and wider fluctuations than would be the case if Resonate Capital did not invest its Clients in such securities. Clients may lose the entire amount paid for such security and may owe more than its initial investment in such security.

## Risks Related to Resonate Capital

*Dependence on Resonate Capital.* Clients' success depends on the skill and expertise of Resonate Capital. Neither Resonate Capital nor Mr. Aiken can assure investors that: (a) Clients will realize its investment

objectives; (b) Clients' investment strategy will prove successful; or (c) investors will not lose all or a portion of their investment.

Resonate Capital has absolute discretion and authority in managing and controlling the investments and affairs of Clients, subject to specific and express limitations in offering documents or provided by applicable law notwithstanding offering documents.

*Reliance On Mr. Aiken.* Clients could be materially adversely affected if the Company loses the services of Mr. Aiken or he otherwise ceases to be involved in the active management of Resonate Capital's investments. Investors, other than the General Partner, generally will have no right or power to take part in the management of the Company except under the limited and specified circumstances set forth in offering documents.

## Item 9 - Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Resonate's advisory business or the integrity of Resonate's management.

## Item 10 - Other Financial Industry Activities and Affiliations

Neither Resonate nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities. Further, neither Resonate nor any of its management persons has any relationship or arrangement that is material to its advisory business or to our clients with any related persons required to be reported under this item. Finally, Resonate does not recommend other investment advisers for our clients for which we may otherwise receive compensation directly or indirectly, as doing so creates a material conflict of interest, nor does Resonate have other business relationships with those advisers that create a material conflict of interest.

### Broker-Dealer Registration Status

Not applicable.

### Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor Registration Status

Not applicable.

### Material Relationships or Arrangements with Related Persons who are Industry Participants and Potential Conflicts of Interest Among Resonate Funds

Not applicable.

### Material Conflicts of Interest Relating to Other Investment Advisers

Not applicable.



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

### Code of Ethics

Resonate has adopted a code of ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940 ("Code"), which, among other matters, sets forth Resonate's standards of professional conduct for all "supervised persons", governs the personal securities transactions of Resonate's "access persons" and establishes the internal processes and oversight apparatus designed to minimize and detect conflicts of interest and activities prohibited by U.S. federal securities laws and other regulations. The Code is predicated on the principle that Resonate owes a fiduciary duty to its Clients and is designed to promote a culture of high ethical standards. Accordingly, all supervised persons of Resonate must avoid activities, interests and relationships that conflict with (or appear to conflict with) the best interest of its Clients. All supervised persons are required to acknowledge the terms of the Code annually, or as amended. Resonate's Code is available for review and will be provided to Clients upon request.

Resonate's supervised persons per Rule 204A-1 include the managing member(s), investment professionals (or other persons occupying a similar status or performing similar functions), employees and any other person who provides advice on behalf of Resonate and is subject to Resonate's supervision and control. Under SEC requirements, certain provisions of the code of ethics apply only to Resonate's "access persons." For purposes of compliance with the code of ethics, Resonate treats all of its managing member(s) and investment professionals as if they were access persons.

In addition to the elements required by Rule 204A-1, Resonate's code of ethics includes restrictions that prohibit its supervised persons from (a) selling certain legacy securities positions from their personal accounts without first obtaining clearance, (b) purchasing securities for their personal accounts, (c) serving on the boards of directors of any outside enterprise except with the approval of the Chief Compliance Officer, (d) receiving or offering gifts or entertainment worth a substantial monetary value from or to persons conducting business with Resonate and (e) improperly distributing or otherwise breaching the confidentiality of Client information.

Resonate endeavors to maintain current and accurate records of all personal securities accounts of its supervised persons in an effort to monitor all personal trading activity. Supervised persons are required to direct their brokers to transmit duplicate copies of trade confirmations and periodic account statements to Resonate's compliance staff for any securities account in which the supervised person (or their spouse or children living in the same household) (a) exercises investment discretion, (b) is listed on the account, or (c) is a current beneficiary. In addition, Resonate's code of ethics requires pre-clearance of personal securities trades with certain limited exceptions (including transactions involving open-ended mutual funds or other instruments which afford investors no discretion over individual securities) and restricts trading in close proximity to Client trading activity.

Resonate may, on occasion, transact in securities of companies in which a supervised person of Resonate or its affiliates holds a position or has an active role. For example, Resonate or its affiliates may, from time to time, serve as a director on a creditors' committee with respect to companies whose securities are held by Clients. Conflicts of interest may arise in connection with these relationships due to duties Resonate or its affiliates may have to such company or its stakeholders and financial interests Resonate or its affiliates may have related to such companies. As a result, supervised persons may not hold directorships or serve on the boards of for-profit enterprises without prior approval from Resonate and only in connection with a Client investment. Supervised persons may, however, serve on the investment committees of certain non-profit or charitable organizations, some of which may be investors of a Client. By reason of its

various activities, Resonate may acquire inside information and therefore be restricted from effecting transactions in investments that might otherwise have been initiated. Resonate's insider trading policies prohibit the Firm and its personnel from trading, for Clients or themselves, or recommending securities of a company while in possession of restricted material, non-public information about the relevant issuer in violation of the law ("Inside Information") as a result of directorships held or other involvement with an enterprise yielding material non-public information. Resonate has designed and implemented policies in order to comply with the requirements of the federal securities laws relating to insider trading. Among other things, these policies and procedures seek to control and monitor the flow of inside information (if any) to and within Resonate Capital, as well as prevent trading on the basis of inside information in violation of the law.

Supervised persons are prohibited from accepting gifts, services or any other thing of more than \$100 in actual or estimated value from any person or entity that does or seeks to do business with or on behalf of Resonate in regard to investment-related activity (as defined in the Code) without reporting within ten days of receipt.

### Securities in which Resonate or a Related Person Has a Material Financial Interest

Resonate does not effect principal or cross trade transactions between or among Clients or itself or its affiliates, since Resonate would have conflicting interests and duties, performance objectives, ownership interests and compensation arrangements with respect to each participating Client. To address potential or actual conflicts of interest, Resonate as a matter of practice does not effect principal or cross trade transactions.

### Other

From time to time, Resonate may accept, as investors in a Fund, certain affiliated entities and individuals as well as other private investment vehicles of which Resonate is a general partner, manager, or investment adviser. For example, Resonate, its employees or a related entity will generally have an investment in the private investment vehicles that Resonate manages (some or all of the key personnel of Resonate Capital may have significant interests in the Resonate Funds as investors). In the case that one Resonate Client invests in another Resonate Client, Resonate will structure the investment so that management fees and incentive compensation payable to Resonate are not duplicated as a result of the investment.

For administrative, tax, limitation of recourse, limitation of liability, regulatory and other purposes, certain investments, including but not limited to Special Situations, may be made through equity or debt investments in one or more special purpose investment vehicles ("Single Purposes Entities"). A typical Special Situation structure would involve a Single Purpose Entity, controlled by Resonate, in which Clients co-invest. The Single Purpose Entity may make an investment in an existing operating company or asset (such as a bank loan) or in a newly-formed joint venture with a local operating partner or management team which will control and manage an acquired business or asset on a day-to-day basis. The operating partners and management teams retained in connection with such investments, as well as brokers, finders, investment bankers, consultants and other advisers generally, are compensated by Clients, the Single Purpose Entities and/or the ultimate operating company with fixed and/or performance-based fees, profit allocations, salaries and/or options for their services and not by Resonate.

### Investing in Securities that Resonate or a Related Person Recommends to Clients

Consistent with Rule 204A-1, Resonate permits employees and others, under certain circumstances and pursuant to specific requirements, to purchase and sell securities for their personal accounts, including



securities which might be purchased or sold for Clients and in circumstances when such purchase or sale may be near the time of purchases or sales for Clients. In certain cases, access persons may, from time to time, for their own accounts, purchase, sell, hold, or own securities or other assets which may be recommended for purchase or sale to Clients.

Conflicts of interest may arise if Resonate, or its employees recommend a particular transaction because of a financial interest held by any such person in such securities. As mentioned above, Resonate has implemented policies, relating to personal account trading by its employees, managing members and related persons designed to reduce, monitor and resolve conflicts of interest presented by such trading activities and to ensure that such trading activities are carried out in accordance with applicable law and regulatory requirements. For example, Resonate's access persons are subject to Resonate's personal trading pre-clearance policy, which is designed generally to (1) prevent access persons from transacting in certain securities of issuers at or about the same time that Resonate recommends the securities to Clients and (2) prevent transactions in securities in which Clients are restricted from trading.

## Contemporaneous Trading

### Allocations of Trades and Investment Opportunities

Participation in specific investment acquisition or disposition opportunities may be appropriate for one or more Resonate Funds, Managed Accounts or affiliated entities. It is Resonate's policy to allocate investment opportunities fairly and equitably over time. Resonate has adopted a Trade Aggregation and Allocation Policy that applies to all portfolios managed by Resonate and serves to ensure that participation in acquisition or disposition opportunities will be allocated on a basis that Resonate believes to be fair and equitable, taking into account factors which include, but are not limited to Client:

1. Investment objectives and risk-return profile
2. Exposure to the prospective position or sub-sector
3. Target allocations for the prospective position or sub-sector
4. Long and short (total and sub-sector) exposure
5. Liquidity requirements and available capital (accounting for factors such as daily cash balances, available borrowings, projected cash requirements for trade settlements and redemptions)
6. Leverage considerations
7. The liquidity of the investment opportunity
8. Applicable tax, regulatory and administrative considerations

Once it has been determined which Clients should participate in an investment, acquisitions (other than Special Situation investments) generally will be allocated to eligible accounts pro rata according to available capital. When existing positions are being sold or reduced (and it has been determined that a position should be sold or reduced for one or more entities or accounts), transactions generally will be allocated to the extent practicable pro rata according to the size of existing inventory.

Resonate or its affiliates may invest for their own accounts or on behalf of their Clients in investments as to which it is impossible or impractical to subdivide and allocate among multiple Clients for tax, regulatory or other reasons. To address potential and actual conflicts of interest, Resonate will make good faith efforts to allocate participations in such investments on an equitable basis to as many of its Client accounts as is practicable over time taking into account the factors described herein.

From time to time, Resonate may obtain limited investment opportunities in certain securities in an amount that Resonate determines to be appropriate for its Clients, and the remaining portion of which, if any, Resonate may elect to make available for co-investment to current and prospective investors. This might occur, for example, if Resonate perceives that a particular investment opportunity, or a particular series,

category or type of investment opportunity (e.g., Asian direct investments) would exceed the desired exposure for a Client to such opportunities. Co-investment opportunities may be made available through entities or private investment funds formed to make such investments. In addition, Resonate, or its affiliates may separately participate in co-investment opportunities offered to Clients. As such, Resonate or its affiliates may hold the same co-investment securities as are held by a Fund, Managed Account or investor and this may create a conflict of interest among Resonate, the respective Funds, Managed Accounts or investors. At the time of investment, Resonate will identify suitable co-investors in its discretion, determine how much of a particular investment opportunity or a particular series, category or type of investment opportunity should be allocated to such co-investors, and negotiate any fee, incentive allocation or other amounts payable to Resonate, its affiliates or other entities by co-investors, in which Clients will have no profit interest. Furthermore, Resonate and its affiliates may earn management fees and/or performance-based compensation (which may or may not be different than the fees and/or compensation received from the Resonate Funds) with respect to such co-investments. Resonate has no obligation to offer any such co-investment opportunities to any investor in the Resonate Funds, and no profits, if any, from such co-investment opportunities will be treated as gains of an Resonate Fund.

### Order Aggregation and Average Pricing

Resonate may, but is not obligated to, aggregate orders for the purchase or sale of the same securities for Clients, where Resonate deems this to be appropriate, in the best interests of Client accounts and consistent with applicable regulatory requirements. Increased execution costs, liquidity constraints and other factors could result in one or more Clients receiving less favorable trading results than would otherwise be the case where opportunities to aggregate orders exist.

When an aggregated order is filled in its entirety, each participating Client account, participates at the average price for the aggregated order on the same business day. Transaction costs are shared pro rata based on each Client's participation in the aggregated order. When an aggregated order is only partially filled, the securities purchased are allocated on a pro rata basis to each Client participating in the aggregated order based upon the initial amount requested for each Client, subject to certain exceptions, and each participating Client participates at the average share price for the aggregated order on the same business day.

### Business Continuity Plan

Resonate maintains a written Business Continuity Plan (BCP), which identifies procedures to carry out in the event of an emergency or significant business disruption, including the death or incapacitation of the investment adviser or any of its representatives. Procedures outlined in Resonate's BCP are designed to enable the investment adviser or any of its representatives to meet their existing fiduciary obligations to Clients.

## Item 12 - Brokerage Practices

### Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

Unless otherwise specified, Resonate maintains discretionary authority with respect to the selection of broker-dealers and their rates of compensation, as set forth in each Client's offering documents. Client transactions are allocated to brokers-dealers consistent with the fiduciary duty of best execution and adherence to applicable laws and regulations. Resonate regards these considerations as paramount to the selection of brokers and dealers charged with the execution of Client transactions. Other considerations (such as the receipt of research services from brokers or dealers, sometimes referred to as "soft dollar

benefits”) are subordinate to the aforementioned primary considerations, and will be pursued only where these conditions have been satisfied.

### Compliance with the Law

The laws and regulations relating to the selection of brokers and dealers and the receipt of research services from broker-dealers are complicated. Resonate is committed to complying with all applicable laws and regulations, including those that relate to securities trading and brokerage allocation.

### Adherence to Fiduciary Duty

Commission dollars belong to Clients. Resonate recognizes that amounts paid to brokers and dealers to execute transactions (whether in the form of disclosed commissions, “spreads” or undisclosed dealer mark-ups) are paid out of Client assets. Resonate has a fiduciary duty with respect to these assets; therefore, in selecting brokers and dealers and negotiating commissions or spreads, Resonate must always put its Client’s best interests before its own.

### Best Execution

It is Resonate’s obligation, in placing transactions for its Clients, to seek the “best execution” possible for each transaction. Best execution refers to Resonate’s ability to obtain the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security) for a transaction, subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer. Best execution is not measured solely by reference to commission rates or price. Compensating a broker with a higher commission rate than what another broker might charge is appropriate if the difference in cost is reasonably justified in seeking what is in the best long-term economic interests of the Client.

Resonate believes that for the vast majority of securities transactions for Clients, best execution is not quantifiable, but rather is a set of quality standards – a trading process that seeks to maximize the value of a Client’s portfolio over the course of time, given stated investment objectives and market circumstances. In short, Resonate seeks to achieve the best overall end result for each Client, the key components of which include a dedicated staff, up-to-date information and systems, reputable broker-dealers, diligent oversight and honorable intentions. Maximizing long-term profit for the Resonate Funds takes precedence over short-term cost efficiency goals associated with individual trades.

### Research and Other Soft Dollar Benefits

As noted above, many securities firms offer to provide investment managers a variety of services and benefits beyond execution, clearance and settlement of transactions. These services and benefits often include (1) proprietary research and analytical products (2) market intelligence and advice related to individual securities, (3) investment opportunities that may be attractive to Clients, and (4) opportunities to confer with company management. Such services are typically provided without separate charge in consideration of Resonate’s use of such brokerage firms to execute transactions for its Client accounts. As a result, Resonate may seek to recognize broker-dealers who provide such services or benefits, by directing transactions to these broker-dealers, or by paying higher commissions to these broker-dealers than would otherwise be appropriate.

A potential conflict of interest is presented in every instance where an investment manager chooses to place a client trade with a broker-dealer that has furnished the manager with services or benefits other than order execution, clearance and settlement (unless the manager has paid the full value of such services and benefits using the manager’s own assets). The conflict results due to the investment manager’s receipt of benefits for which it does not record an expense, thus increasing its profitability and creating an incentive to select a broker-dealer based on its own interest in receiving such benefits, as opposed to the clients’ interest in receiving the most favorable execution. Because of this conflict of interest, the law

places strict limits on investment managers' discretion to place transactions with broker-dealers who are providing these services or benefits to investment managers.

Only certain services, products or benefits obtained by Resonate from brokers or dealers constitute "research" that may be taken into account in selecting brokers or determining to pay a higher commission than the lowest rate that is consistent with best execution. Section 28(e) of the Securities Exchange Act of 1934 defines "research" for this purpose as including (A) advice, furnished either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities, and (B) information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, analysis of corporate responsibility issues, and post-trade services or communication services related to executing, clearing and settlement of transactions. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data, computer software, and meetings arranged with corporate and industry spokespersons, economists, academics, and government representatives. The test for determining whether a service, product or benefit obtained from a broker-dealer constitutes "research" under this definition depends on whether the service, product or benefit provides lawful and appropriate assistance to Resonate in its investment decision making for its Clients.

Consistent with Section 28(e), research or brokerage products or services obtained with "soft dollars" generated by one or more Clients may be used by Resonate to service one or more other Clients, including accounts that may not have participated in the transaction generating the commission; all accounts that participate in a trade generally pay the same commission rate for the purchase or sale of the same securities and instruments at the same time. Resonate does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The only circumstances in which Resonate, in selecting a broker-dealer to execute a transaction for a Client, may take into account research services or benefits provided by the broker-dealer are when Resonate has determined, in good faith, that the amount of commission on the transaction is reasonable in relation to the value of the research or other benefit provided by the broker-dealer, viewed in terms of either that transaction or Resonate's overall responsibilities to its Clients.

Generally, where a product or service obtained with commission dollars provides both research and non-research assistance to Resonate, Resonate will make a reasonable allocation of the cost which may be paid for with commission dollars and Resonate will pay the remainder. In making good faith allocations of costs between research and non-research assistance, a conflict of interest may also exist by reason of Resonate's allocation of the costs of such benefits and services between those that primarily benefit Resonate and those that primarily benefit Clients. Notwithstanding the above, all "soft dollar" arrangements, if any, will fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act, as that safe harbor is currently interpreted by the Securities and Exchange Commission.

### Brokerage for Investor Referrals

Resonate from time to time may participate in certain "capital introduction" programs organized or sponsored by certain prime or executing brokers to the Resonate Funds or affiliates of such prime or executing brokers, which may include the prime or executing brokers or their affiliates introducing Resonate to potential investors with which the prime or executing broker or its affiliate have a pre-existing relationship. Currently, neither Resonate nor its Clients compensate prime or executing brokers or their affiliates for organizing such programs or making such introductions or for any investments ultimately made by such

prospective investors. While such programs and introductions provided by a prime or executing broker or its affiliates may provide an incentive or influence Resonate in deciding whether to use such prime or executing broker in connection with brokerage, financing, trade execution and other activities for its Clients, Resonate will not commit to allocate a particular amount of brokerage to a prime or executing broker in any such situation.

### Directed Brokerage

Not applicable.

### Order Aggregation

At its discretion, Resonate will generally aggregate buy or sell orders for two or more Clients into a single order, and place aggregated orders with a single broker or dealer for execution. In most instances, such aggregation of orders can result in lower commissions, more favorable net pricing or more efficient execution relative to separately placed orders. Resonate is not obligated to place all transactions on an aggregated basis, as there may be instances in which order aggregation results in a less favorable transaction than a particular Client would have obtained by trading separately. Each Client participating in an aggregated order will participate at the same price as all other participants, and all transaction costs on the order will be allocated pro rata to all participating Clients.

### Trade Errors

It is the policy of Resonate Capital that the utmost care be taken in making and implementing investment decisions on behalf of Clients. To the extent that errors occur, they are to be (a) corrected as soon as practicable and in such a manner that minimizes Client loss, (b) reported to Resonate's management, and (c) captured in a compliance log and scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary.

Pursuant to the various exculpation and indemnification provisions of each Client's offering documents, Resonate generally will not be liable to its Clients for any act or omission, absent bad faith, willful misconduct or gross negligence, and Clients generally will be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Client, absent bad faith, willful misconduct or gross negligence. As a result of these provisions, Resonate's Clients (and not Resonate Capital) will be responsible for any losses resulting from trading errors and similar human errors, absent bad faith, willful misconduct or gross negligence. Trading errors might include, for example, (i) the placement of orders (either purchases or sales) in excess of the intended amount of securities or instruments; (ii) the sale of a security or instrument when it was intended to have been purchased; (iii) the purchase of a security or instrument when it was intended to have been sold; (iv) the purchase or sale of the wrong security or instrument; (v) the purchase or sale of a security or instrument contrary to regulatory restrictions or Client investment guidelines or restrictions; and (vi) the allocation of a security or instrument to an account for which it is not suitable. Given the volume of transactions executed by Resonate on behalf of its Clients, investors should assume that trading errors (and similar errors) will occur and that Clients will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of Resonate's personnel. Such trade errors could result in substantial Client losses. In determining whether Resonate's personnel have satisfied the standard of care such that Clients are responsible for a loss resulting from a trade error, Resonate will have a conflict of interest between its economic interest and the economic interest of its Client(s). The determination of whether Resonate's personnel have satisfied their standard of care will not be based solely on the conduct of the specific Resonate personnel with respect to the specific trade error at issue, but rather in the overall context of the control and compliance environment of Resonate as it relates to trading activity.

## Item 13 - Review of Accounts

### Periodic Review of Client Accounts

Resonate Capital, as the managing general partner of the Resonate Funds, does not conduct formal “periodic” reviews of Client accounts. Resonate does however, review Client accounts on a regular basis and monitors underlying portfolios on a continuous basis.

Reviews ensure ongoing compliance and alignment with each Client’s governing documents as well as verification of appropriate allocation of income, losses, expenses, management fees, incentive allocations and other items. In addition, portfolio evaluations are conducted and generally include examinations of general economic trends, risk factors, estimated down-side exposure, target weightings, cash positions and liquidity needs. Existing individual positions are weighed against potentially superior incremental opportunities.

Client books and records are also subject to external verification. Financial statements are prepared and audited to conform to accounting principles generally accepted in the United States of America (“GAAP”) at each calendar year-end.

### Non-periodic Review Triggers

A review of Client accounts, books, records and/or reports may be triggered by unusual activity or special circumstances on a case-by-case basis, including but not limited to contributions to, or withdrawals from accounts by Clients.

### Client Account Reporting

Resonate typically provides periodic written reports to active investors which set forth various capital account and fund or managed account level information on a monthly, quarterly and/or annual basis, as applicable. Investors in the Resonate Funds receive monthly statements and annual tax information directly from the Funds’ independent administrator. Audited financial statements are generated annually by the Funds’ independent auditors. Reporting with respect to managed accounts is subject to negotiation and established pursuant to each account’s investment management agreement. Finally, Resonate may occasionally organize investor webcasts and meetings to provide updates on investment activity and performance.

## Item 14 - Client Referrals and Other Compensation

### Economic Benefits for Providing Services to Clients

No one other than a Client provides an economic benefit to Resonate for providing investment advice or other advisory services.

### Compensation to Non-supervised Persons for Client Referrals

Resonate may enter into third party solicitor arrangements whereby it pays a referral fee for client referrals. Any such arrangements are consistent with Rule 206(4)-3 of the Advisers Act. Under no circumstances is the client disadvantaged by the payment of such fees. Clients whose accounts involve third party solicitor arrangements are advised of the arrangement in writing and do not pay higher fees as a result of the arrangement.



## Item 15 - Custody

Resonate obtains custodial, clearing, settlement and related services on behalf of its Clients through what is known as a “custodial” arrangement. Under that arrangement, a brokerage maintains custody of each Client’s assets (either directly or through its clearing brokerage firm). The brokerage is a “qualified custodian” and maintains custody of each client’s funds and securities in a separate account for that Client. Resonate reserves the right to change the custodian or enter into custodial arrangements at any time.

At the end of each fiscal year, each of Resonate’s Clients has its financial statements examined and certified by an independent certified public accountant. Copies of the audited financial statements are furnished to each Resonate Fund investor within 120 days after the end of each fiscal year. Unaudited quarterly performance reports also will be provided to each Resonate Fund investor.

## Item 16 - Investment Discretion

Unless otherwise specified, Resonate has discretionary trading authority with respect to each Resonate Fund, as described in Item 4. Resonate’s investment decisions and advice with respect to each Resonate Fund are subject to each Fund’s investment objectives and guidelines, as set forth in its offering documents. Discretionary authority is conferred on Resonate pursuant to each Client’s limited partnership agreement, investment management agreement, or other similar agreement.

## Item 17 - Voting Client Securities

Resonate accepts and exercises proxy voting authority with respect to securities held in its Resonate Funds (and selected Managed Accounts as mandated by their respective IMAs). SEC Rule 206(4)-6 requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of its Clients. Investors cannot direct the voting of securities. Resonate’s policies are intended to ensure that Resonate votes proxies (as defined below) in the interests of its Clients and address how Resonate resolves conflicts of interest that may arise when voting proxies. In compliance with such rules, Resonate has adopted proxy voting policies and procedures. The general policy when voting proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to all investments made by Clients is to vote in a manner that serves the best interests of the Clients advised by Resonate, as determined by Resonate in its discretion. Although Resonate generally votes all proxies that it receives for its Clients, there may be times when Resonate does not vote proxies, provided Resonate determines that not voting is in the best interest of its Clients. In making such a determination, Resonate will consider various factors, including, but not limited to: (i) the cost associated with exercising the proxy (e.g., translation or travel costs); (ii) any legal restrictions on trading resulting from the exercise of a proxy; and (iii) whether Resonate has sold the underlying securities since the record date for the proxy.

Resonate has developed procedures designed to address conflicts of interest that may arise between the interests of the Resonate Funds, on the one hand, and the interests of Resonate or its affiliates, on the other hand, including, if appropriate, delegating a voting decision to an independent third party.

Investors may obtain a copy of Resonate Capital’s proxy voting policies and the proxy voting record related to their respective investment vehicle by directly contacting Resonate Capital.

## Item 18 - Financial Information

Resonate does not have any financial condition that would impair its ability to meet contractual commitments to clients. Resonate is not the subject of any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time in the past.