

# Tc43 LLC

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## **FORM ADV PART 2A: FIRM BROCHURE**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Tc43 LLC (“Tc43” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us via e-mail at [HarrisB@Windstreamllc.com](mailto:HarrisB@Windstreamllc.com). The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration as an investment adviser does not imply that Tc43 or any of its principals or employees possess a particular level of skill or training in the investment advisory business or any other business.

Additional information about Tc43 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2. Material Changes**

This ADV Part 2A Brochure has been prepared for Tc43's initial registration with the SEC and therefore there are no material changes to report.

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**Item 4. Advisory Business**

Tc43 is a Delaware limited liability company that was formed in December 2023. As of the date hereof, the sole owner is John McCormick. The Firm plans to provide discretionary investment advice to one or more private funds (collectively, the “Funds”). References throughout this document to “clients” refer to the Funds that the Firm plans to manage.

Client accounts will be managed in accordance with their own investment and trading objectives, as described in their respective offering documents and subscription agreements (collectively, the “Governing Documents”). The Firm does not generally permit investors in the Funds to impose limitations on the investment activities described in the Funds’ Governing Documents. However, Tc43, in its sole discretion, may alter investor permissions. Under certain circumstances, the Firm may contract with a Fund investor to adhere to limited risk and/or operating guidelines imposed by that client. The Firm would negotiate such arrangements on a case-by-case basis. (See *Item 16 – Investment Discretion.*)

The Firm seeks to generate attractive, risk-adjusted returns using a machine learning framework that synthesizes and analyzes a plethora of publicly and commercially available data impacting markets, companies, brands, and sectors across the globe. The Firm employs a linear factor model with risk, industry and alpha terms that is commonly used by quantitative investors and then engineers proprietary alpha factors using a computationally intensive machine learning process that ingests large volumes and varieties of data, seeking to create factors that load heavily on metrics indicating the potential for future growth and efficiency. The Firm may incorporate other machine learning strategies in the future as it continues its research. The Firm will also build models of market expectations of growth and efficiency aligned with the alpha factors such that the Firm understands what is priced into the markets.

One of the Firm’s related persons (the “Tc43 GP”) serves as the general partner to certain Funds.

The Firm does not participate in wrap fee programs.

Tc43 does not currently have any assets under management.

**Item 5. Fees and Compensation**

The Firm’s fees and compensation will be described in each client’s Governing Documents, but in general, the Firm charges a management fee as well as an incentive allocation to the Funds.

The Firm’s management fee is paid from the Fund quarterly in advance. Once paid, the management fee may be refundable on a pro rata basis for any redemption by an investor that is effective other than as of the last day of a month. The Firm deducts management fees from each Fund it manages. The details of the fees will be calculated and payable in accordance with its applicable private placement memorandum. The basic fee schedule includes an annual fixed schedule is generally of 2% of the applicable investor’s net asset value and/or an annual performance based allocation of 20% of net profits. The Firm, in its own discretion, may waive or modify the fees payable with respect to any Fund investor.

Tc43 GP will receive an incentive allocation from the Funds, as further described in *Item 6 – Performance-Based Fees and Side-By-Side Management.*

In addition to the fees referred to above, clients of the Firm may also incur other fees including, but not limited to, custody, brokerage, and other transactional fees.

Clients are expected to bear some or all of their own operating expenses, including, without limitation: all costs and expenses incurred in connection with the Fund's formation and offering and sale of the Fund's interests, including, but not limited to, legal and accounting fees and expenses, registration fees, filing fees and all costs and expenses incurred in connection with the preparation of offering and organizational documents, marketing and similar materials, and drafting and negotiating contracts with service providers at or prior to the formation of the Fund and prior to the initial closing of the Fund. More details will be described in the Governing Documents.

Funds managed by the Firm are also be expected to bear their pro rata share of operating expenses, which include, without limitation: (a) organizational and offering expenses; (b) expenses associated with all investments and transactions considered, evaluated and/or consummated, including, without limitation, those expenses incurred before the initial closing of the Funds, including, without limitation, expenses associated with sourcing, negotiating, investigating, researching, financing and structuring of investments and potential investments, whether or not consummated, including, without limitation, data and research onboarding, ingestion, aggregation and analysis and third-party research, data, analytics, modeling, risk, structuring, pricing, execution and other third-party information systems; (c) the costs of research-related computer hardware and software expenses and third-party "Cloud" provider or other remote or third-party computation expenses; (d) the costs of the Firm's portfolio management system and any other software used for accounting and/or monitoring of the portfolio, including, without limitation, subscriptions relating to, among other things, trading and order management systems and services; (e) expenses associated with holding, financing, monitoring, hedging, maintaining and disposing of all investments of the Funds and all transaction and other costs associated therewith; (f) travel and related expenses associated with investments and potential investments; (g) professional fees associated with investments and potential investments, including, without limitation, consulting, due diligence, accounting/financial, valuation, financial, legal and other advisory fees and expenses; (h) transaction fees, brokerage commissions, custodial fees, clearing and settlement charges and similar fees and expenses associated with the acquisition, disposition and settling of investments and potential investments; (i) expenses associated with legal and regulatory filings of the Funds; (j) registered office, administrative, custodial, appraisal, valuation, legal, regulatory, compliance, consulting, advisory and similar fees and expenses associated with the Funds' operations, investments and transactions, including, without limitation, preparation of financial statements, tax returns and the fees and expenses of the auditor and fees and expenses of the Fund administrator and fees of any service provider engaged to verify the work of the Fund administrator or regulatory matters; (k) expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization with respect to the Funds; (l) broken-deal, failed transaction, break-up and similar fees, costs and expenses (if any); (m) costs and expenses of leverage or any other borrowings of the Funds; (n) expenses incurred in the collection of monies owed to the Funds, as applicable; (o) auditing and accounting expenses of the Funds; (p) any entity-level taxes, fees or other governmental charges on the Funds, including, without limitation, any withholding taxes not due to the status or noncompliance of a particular investor; (q) costs and expenses associated with investor communications, Fund securityholder meetings, and reports and the delivery thereof to investors; (r) the costs of service providers or software to measure or monitor risk metrics, to aggregate positions and/or to provide reporting with respect to risk metrics and/or positions; costs and expenses associated with meetings of the investors; (t) insurance expenses, including, without limitation, general partner liability insurance and other policies, if any, as well as Funds' share of expenses with respect to directors' and officers' liability insurance and errors and omissions insurance; (u) costs and expenses (including, without limitation, entity-level taxes, fees or other governmental charges) associated with the formation,

organization and operation of any subsidiary, special purpose vehicle, alternative investment vehicle, holding company or similar entity formed with respect to investments, credit facilities or other transactions entered into for the benefit of the Funds; (v) wind-up, liquidation, termination or dissolution expenses, and other similar expenses; (w) costs, fees and expenses related to registration, qualification and/or exemption under any applicable U.S. federal, state, local or non-U.S. laws, rules or regulations, including, without limitation, blue sky fees, Form D, Form 8.3, CFTC filings and notices and other securities and/or investment-related filing expenses; (x) costs related to any transfers of Fund interests, unless otherwise charged to or borne by the applicable transferor and/or transferee; (y) expenses, including and not limited to, legal expenses, incurred in connection with the preparation of any amendment to the Funds' partnership agreements, the private placement memorandum, and/or applicable Fund materials, as well as the preparation or amendment of any side letter; (z) expenses, including and not limited to, legal expenses, incurred in connection with pursuing, defending or participating in any litigation, arbitration, mediation or similar proceeding by the Funds; and (aa) any extraordinary expenses (including, without limitation, all litigation-related and indemnification and contribution expenses, including, without limitation, the amount of any judgment or settlement paid in connection therewith).

Whenever possible, Fund expense invoices will be issued, specifically to the applicable Fund. If Fund expense invoices are issued to more than one Fund or to the Firm or its affiliates, expenses will generally be allocated pro-rata based on the assets under management. Investment-related expenses among a Fund, one or more other Funds, when applicable, will be allocated among such Funds pro rata based on investment participation.

The Firm may also allocate a portion of certain clients' capital to money market funds or exchange-traded funds. In addition to the fees and expenses discussed above, clients will indirectly incur similar fees and expenses if the Firm invests their capital in such funds, as these funds in turn pay similar fees and expenses to their investment managers and other service providers.

For a more detailed discussion of brokerage and transaction costs, see *Item 12 - Brokerage Practices*.

The Firm and its affiliates may, from time to time, enter into side letters with investors in Funds ("Subscribers") to waive or modify the standard terms of such Fund in respect of a particular Subscriber. Certain Subscribers may not be charged any management fees, may not be charged any annual performance based allocations, may be charged fees in arrears rather than advance or may have a differing fee structure because of their overall relationship with the Firm or its affiliates or their investment approach. In particular, Subscribers in a Fund that are employee's, business associates and other "friends and family" of the Firm, its affiliates or their personnel may not pay management fees or other annual performance based allocations in connection with their investment in a Fund or may pay a reduced rate. Consequently, fees charged to certain Subscribers and annual performance based allocations may deviate from the standard fees disclosed in a Fund's offering documents.

The Firm has absolute discretion, subject to its fiduciary duty, to agree with Subscribers, particularly with respect to those Subscribers who are large or strategic investors, to waive or modify the application of any provision of a Fund agreement (including, but not limited to, those relating to liquidity, investment capacity, fees, and transparency). Moreover, with respect to such Subscribers, the Firm will remain subject to its fiduciary obligations, its duties under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and any terms negotiated through side letters. In some instances, side letters may grant such Subscribers materially favorable terms relating to, among other things, liquidity, investment capacity, economic rights, fees, information and reporting rights, co-investment rights, certain rights, or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, veto rights,

transfer rights and transparency. In addition, the Firm will reserve the right to waive or rebate all or a portion of its management fees and/or annual performance based allocations with respect to a Subscriber. Prospective Subscribers should consider these possible conflicts of interest in making their decision to invest in a Fund, as certain side letters may result in favoring some Subscribers over others and affect a Subscriber's expectations as to future return and risk.

The Firm may agree to provide certain Subscribers enhanced disclosure with respect to specific security positions, risk information and/or portfolio characteristics of Funds. Accordingly, not all Subscribers will have the same degree of access to the type and/or frequency of individual position listings in connection with the Funds in which they invest.

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

Tc43 GP will be entitled to receive an incentive allocation from the Funds on an annual basis and upon withdrawals by investors. Such incentive allocation will be based on the net capital appreciation of the Funds' assets and will be subject to a loss-carryforward mechanism. The Firm or its affiliates will have the right to waive or modify the incentive allocation with respect to any investor.

Performance-based compensation arrangements create an incentive for the Firm to recommend investments that may be riskier or more speculative than those that would be recommended under a different compensation arrangement. The Firm generally manages Funds that operate through a master-feeder structures. To the extent that the Firm advises additional client accounts in the future, performance-based compensation arrangements could also create an incentive for the Firm to favor accounts with higher compensation rates over other accounts when allocating investments. Accordingly, if the Firm manages additional client accounts in the future, it will adopt and follow procedures designed and implemented to ensure that all clients are treated fairly and equitably.

The Firm may enter special fee arrangements with Fund Investors. The Firm (or its affiliate) has entered into performance-based allocation arrangements with the Funds, in accordance with the conditions and requirements of Rule 205-3 under the Advisers Act.

Although the Firm will primarily invest in public equities on behalf of its clients, since client management fees and incentive allocation will be generally based on the net asset values of their accounts, the Firm may have a conflict of interest in valuing assets held by such accounts. To mitigate this conflict, the Firm has implemented a valuation policy and may consult with auditors and the administrator to each Fund, from time to time.

#### **Item 7. Types of Clients**

Tc43 will provide discretionary management and advisory services to its clients, which are expected to consist of the Funds. Investors in the Funds will be generally high net worth individuals and institutional investors that qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended). The minimum initial investment in the Funds will be determined by the Firm and set forth in the Funds' Governing Documents. The Firm may waive such minimum under certain circumstances.

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

The Funds (the "Client Mandates")

Investment decisions for each Fund will be guided and controlled by the stated investment objectives set forth in its offering documents and advisory agreements.

The Firm's principal objective for its clients is to generate attractive, risk-adjusted returns using a machine learning framework that effectively synthesizes and analyzes a plethora of publicly and commercially available data impacting markets, companies, brands, and sectors across the globe, as described above.

#### Methods of Analysis and Investment Strategies Generally

Investment decisions for each Fund will be guided by the stated investment objectives set forth in the offering documents and advisory agreements. Similarly, the Firm's investment decisions with respect to other future products or client accounts, such as other funds or separately managed accounts, will be subject to each client's investment objectives and guidelines, as set forth in the investment management agreement or fund's offering documents.

The investment objective of the Fund is to generate attractive, risk-adjusted returns using a systematic framework that is implemented via machine learning (i.e., artificial intelligence). This framework primarily synthesizes and analyzes publicly and commercially available data impacting markets, companies, brands, and sectors across the globe.

The Fund's investment program is intended to be an intelligent combination of fundamental investing approaches implemented within a disciplined systematic framework. Like many fundamental managers, the Firm begins with an assumption that certain factors can be predictors of a security's future outperformance. However, predicting those factors on a broad and repeatable scale requires a quantitatively driven process. This approach differs from that of many fundamental managers in that it relies on machine learning processes to predict these factors; it also differs from many systematic investment programs in that it expressly seeks to discover and predict fundamental metrics.

**Investing in securities involves risk of substantial loss that clients and investors should be prepared to bear.**

#### Risk Factors

An investment with the Firm is speculative and involves a high degree of risk. There can be no assurance that the investment objectives of any client account will be achieved or that a client account will generate positive returns. The Funds have substantial limitations on investors' ability to withdraw or transfer their interests or shares, and no secondary market for the Funds' interests or shares exists or is expected to develop. In pursuing its investment objective, the Firm utilizes various investment techniques, including incurring substantial amounts of leverage, purchasing securities on margin, short sales, and trading on foreign exchanges, and transacting in over-the-counter derivatives and options. These techniques can, in certain circumstances, significantly increase the adverse consequences to which a client account may be subject. Prospective clients and investors are strongly urged to review the applicable Governing Documents carefully and consult with their own financial, legal and tax advisers before investing with the Firm.

The Funds will be a potentially suitable investment only for sophisticated investors for whom an investment in a Fund does not represent a complete investment program and who, in consultation with their own investment and tax advisors, fully understand and are capable of assuming the risks of an investment in either. No list of risk factors can be expected to be full and complete. Each prospective Client should discuss any proposed initial or additional investment in a strategy with such person's investment, tax, accounting,



legal and other advisers prior to making an investment. The following summary of certain material risk factors has been prepared solely to help guide those discussions and to assist each prospective Client in determining what questions, if any, he, she, or it may wish to address to the Firm in connection with an investment decision.

*General Investment and Trading Risks.* All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If the Firm's evaluation of an investment opportunity should prove incorrect, a Fund could experience losses as a result of a decline in the market value of securities in which the Fund holds a long position or an increase in the value of securities in which the Fund holds a short position. These investment programs, as executed through the Funds, may include short sales, which can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which a Client Mandate may be subject. The risk management techniques that may be used by the Firm do not provide any assurance that a Client Mandate will not be exposed to a risk of significant investment losses. No guarantee or representation is made that a Client Mandate's investment program will be successful, that a Client Mandate will achieve its targeted returns or that there will be any return of capital to Fund Investors. In addition, investment results may vary substantially over time.

*General Economic Conditions.* The success of a Client Mandate's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to the taxation of a Client Mandate's investments), tax considerations and tax treatment, trade barriers, currency exchange controls and national and international political circumstances (including wars, terrorist acts and security operations). These factors may affect the level and volatility of the prices and liquidity of a Client Mandate's investments and could impair a Client Mandate's profitability or result in losses. The Firm may consider some or all of these factors when making trading decisions. A Client Mandate could incur material losses even if the Firm reacts quickly to difficult market conditions, and there can be no assurance that a Client Mandate will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Fund Investors should realize that markets for the financial instruments in which the Funds will seek to invest can correlate strongly with each other at times or in ways that are difficult for the Firm to predict. Even a well-analyzed approach may not protect a Client Mandate from significant losses under certain market conditions.

*Availability of Suitable Investments.* The success of a Client Mandate's investment and trading activities depends on the ability of the Firm to identify overvalued and undervalued investment opportunities and to manage market risk. Identification and exploitation of the investment strategies to be pursued by a Client Mandate involve a high degree of uncertainty. No assurance can be given that the Firm will be able to identify suitable investment opportunities in which to deploy all of a Client Mandate's capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Funds. Certain of the investment strategies employed by a Client Mandate may be based on historical relationships among securities prices, exchange rates, interest rates and bond prices. There can be no assurance that these historical relationships will continue. No representation is made by the Firm as to what results a Client Mandate will or is likely to achieve based on these trends and relationships.

*Available Information.* The Firm may select investments, in part, on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to the Firm by such issuers, or through sources other than the issuers. Although the Firm evaluates all such information and data and seeks independent corroboration when the Firm considers it appropriate and when it is reasonably available, the Firm is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

*Concentration of Investments; Limited Diversification and Sector Investing.* The Funds may hold a relatively limited number of positions (both long and short) at any given time, and the Funds may hold relatively large positions in a relatively limited number of securities. To the extent there is a lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of a Client Mandate's rate of return. Likewise, any fluctuation in the overall value of securities in specific industries or sectors likely will have a material effect on the performance of a Client Mandate.

*Equity Securities.* The Funds may invest in equity and equity-related securities. A risk of investing in a Client Mandate is that equity securities held by a Client Mandate may decline in value. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, equity securities that the Firm believes are undervalued or incorrectly valued may not ultimately be valued by the markets in the manner that the Firm anticipates.

*Hedging.* A Client Mandate may engage in certain hedging transactions, including derivatives, options, and swTc43. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions. Additionally, there is no guarantee that these hedging transactions will prevent losses to a Client Mandate. The success of a Client Mandate's hedging strategy will be subject to the Firm's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Client Mandate's hedging strategy will also be subject to the Firm's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, hedging transactions may result in poorer overall performance for a Client Mandate than if no such hedging transactions were executed. Moreover, the Firm may determine not to hedge against, or may not anticipate, certain risks. Finally, a Client Mandate may be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular investments and counterparties).

*Derivatives.* A Client Mandate may invest in derivative financial instruments. In addition, a Client Mandate may, from time to time, utilize both exchange-traded and over-the-counter derivatives, including swTc43, futures, options, and contracts for differences, either to express an investment view or for hedging purposes. Regulatory restraints may restrict the instruments that a Client Mandate may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a gain or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited.

Further, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

*Currency Hedging.* A Client Mandate may be exposed to foreign exchange risk, for example, by way of receipt or payment of a dividend in a foreign currency and may seek to mitigate this risk through the use of a variety of strategies and products, including, but not limited to, spot trades, Forex forwards, currency futures and currency swTc43. There is no guarantee that any of these currency hedging strategies will reduce or prevent losses to a Client Mandate.

*Leverage.* A Client Mandate may employ leverage in connection with its investment strategies and/or for any other purpose deemed necessary, desirable, or appropriate at such times, in such amounts and subject to such terms and conditions as the Firm may determine in its sole and absolute discretion. Such leverage may take a variety of forms, including, but not limited to, margin borrowing from securities brokers and dealers, loans, repurchase agreements, derivative instruments that are inherently leveraged and other financing arrangements, as determined by the Firm in its sole and absolute discretion. The use of leverage increases both the possibility for gain and the risk of loss. Leverage employed by a Client Mandate may be secured by the securities holdings and other assets of the Fund, as applicable. Under certain circumstances, a lender may demand an increase in the collateral that secures such obligations, and if the applicable Client Mandate is unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy such obligations. Liquidation in that manner could have extremely adverse consequences. Additionally, leverage typically will cause a Client Mandate to increase or decrease at a greater rate than if leverage were not used. In addition, the amount of a Client Mandate's borrowing and the interest rates on that borrowing, both of which will fluctuate, may have an effect on a Client Mandate's profitability. In addition, the use of leverage may cause a U.S. tax-exempt investor to realize "unrelated business taxable income" ("UBTI").

*Short Sales.* Short selling involves borrowing, including from securities brokers or other institutions, and selling securities that are not owned, with an obligation to replace the borrowed securities at a later date, the cost of which may be significant. Short selling allows the investor to profit from a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, short sellers are subject to the risk of a "short squeeze." A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the security that has been loaned at any time. If a lender were to demand the return of securities that a Client Mandate had borrowed, a Client Mandate would be required to replace the borrowed securities by borrowing identical securities from another lender. If a Client Mandate were unable to replace the borrowed securities, it would be required to close out the short sale by buying identical securities in the market to make delivery. In such an event, a Client Mandate could incur significant losses if the securities sold short had increased in value.

A Client Mandate also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice. In addition, the cost to borrow securities in connection with short sales may be significant.

*Interest Rates.* The Firm may borrow funds from brokerage firms and banks on behalf of a Client Mandate to be able to increase the amount of capital available for marketable securities investments. The rates at which a Client Mandate can borrow, in particular, will affect the operating results of a Client Mandate. Even if a Client Mandate makes a profit on a trade, the interest expense incurred in carrying the position may exceed the profit generated by the trade.

*Margin.* The Firm may make use of short-term borrowing or repurchase agreements on behalf of a Client Mandate, and any such use will result in certain additional risks to a Client Mandate. For example, should the securities pledged to brokers to secure a Client Mandate's margin accounts or repurchase obligation

decline in value, a Client Mandate could be subject to a “margin call,” pursuant to which a Client Mandate must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Client Mandate’s assets, a Client Mandate might not be able to liquidate assets quickly enough to pay off its margin debt.

*Price and Liquidity Fluctuations of Investments.* It is expected that a Client Mandate’s investments will be in public securities. However, the market value of a Client Mandate’s investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which a Client Mandate invests. During periods of limited liquidity and higher price volatility, a Client Mandate’s ability to acquire or dispose of its investments at a price and time that a Client Mandate deems advantageous may be impaired. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues. As a result, in periods of rising market prices, a Client Mandate may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; a Client Mandate’s inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

*Trade Error Risk.* Trade errors include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume and complexity of transactions executed by the Firm on behalf of a Client Mandate, trade errors are likely to occur, notwithstanding the execution of due care and special procedures designed to prevent such errors. If trading errors do occur, the Firm will not be responsible for gains or losses resulting from trade errors, except where such trade error is the result of the Firm’s gross negligence, willful misconduct or fraud or as otherwise provided in the policies of the Firm.

*Competition.* The securities industry is extremely competitive. The Firm will compete for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staff. Competitive investment activity by other firms may reduce a Client Mandate’s opportunity for profit by reducing the availability of or increasing the price of what the Firm believes to be, based on its investment criteria, exceptional investment opportunities.

*Securities Market Volatility.* Securities markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of debt and equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region or the market as a whole.

*Volatility and Correlation Risk.* The Firm’s asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated equity securities and different or unrelated asset classes may exhibit similar price changes in similar directions, which may adversely affect the Client Mandates, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

*Risk of Operations/Liquidity Risks.* Although the securities that the Master Fund may acquire generally will be traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it difficult or impossible for the Master Fund to

liquidate its positions and would thereby expose it to losses. In addition, some of the securities in which the Client Mandates may invest may be thinly traded, potentially making it difficult for the Client Mandates to dispose of a position at the time or price desired. Moreover, in periods of extreme market volatility, the bid/ask spreads for some securities that ordinarily are liquid may widen, making it difficult or undesirable to sell the securities. There can be no assurance that the trading markets will remain liquid enough for management to close out existing positions at any time there is a need to do so. There may be a variety of other reasons why a security in which the Client Mandates may invest may be illiquid, and, in such event, the Client Mandates may have similar issues with realizing such security.

*Risks of Foreign Investments.* The Client Mandates may invest in securities of foreign companies, governments, and government agencies. Investing in such securities, which will be generally denominated in foreign currencies, and the use of forward foreign currency exchange contracts, involves unusual risk not typically associated with investing in securities issued by U.S. companies or by the U.S. government or its agencies or instrumentalities. Investing in emerging markets poses greater risks and a greater potential for returns than investing in developed countries. Securities of companies in these emerging markets will be generally more volatile and may be much more volatile than securities issued by companies located in developed countries. The Client Mandates may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between such currencies and the U.S. dollar. Moreover, individual foreign economies may compare unfavorably with the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency, balance-of-payment positions and in other respects. Some of the countries in which the Client Mandates may invest have laws and regulations that currently preclude or severely restrict direct foreign investment in securities of their companies. Securities of some foreign companies will be less liquid, and their prices will be more volatile than securities of comparable.

*ETF Risks, including Net Asset Valuations and Tracking Error.* Exchange traded funds (“ETF”) performance may not exactly match the performance of the index or market benchmark that the ETF is designed to track because (1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; (2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and (3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate. Investors in a Client Mandate should be aware that to the extent they invest in ETF securities, they will pay two levels of compensation - fees charged by the Firm plus any management fees charged by the issuer of the ETF. This scenario may cause a higher cost (and potentially lower investment returns) than if an investor purchased the ETF directly. An ETF typically includes embedded expenses that may reduce the fund’s net asset value, and therefore directly affect the fund’s performance and indirectly affect a Client Mandate’s portfolio performance or an index benchmark comparison. ETF investments will rely on third-party management and advisers. Expenses of the fund may include investment adviser management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. ETF tracking error and expenses may vary.

*Company Capitalization.* The Client Mandates may invest in securities of companies with various capitalizations where such companies meet the investment criteria described herein. While such companies may provide significant potential for appreciation, such investments, particularly small- capitalization securities, involve higher risks in some respects than do investments in securities of larger companies. The



prices of small capitalization and even medium-capitalization and mid- capitalization securities will be often more volatile than prices of large capitalization securities, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to long investors) is higher than for larger, “blue-chip” companies. In addition, due to thin trading in some small-, mid- and medium-capitalization securities, an investment in those securities may be illiquid. The small-, mid- and medium-capitalization securities may, at times, significantly underperform the large capitalization securities and may do so in the future. A related concern for short sale risk is that smaller companies tend to be more readily acquired.

*Inflation, Currency, and Interest Rate Risks.* Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor’s future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. The liquidity and trading value of foreign currencies could be affected by global economic factors, such as inflation, interest rate levels, and trade balances among countries, as well as the actions of sovereign governments and central banks. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by the Firm may be affected by the risk that currency devaluations affect purchasing power.

*Securities of Sub-Investment Grade Companies.* Special risks may arise if a Client Mandate invests in the securities of sub-investment grade and highly leveraged companies. Although such investments may result in significant returns to the Client Mandates, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing works against a Client Mandate’s short position, the Client Mandate’s losses would be heightened. If a Client Mandate purchases distressed and/or non-performing debt securities, and subsequent to purchasing them, finds that they will be no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they will be no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that the Firm will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Client Mandates invest, the Client Mandate may lose its entire investment. Under such circumstances, the returns generated from the Client Mandates’ investments may not compensate the investors adequately for the risks assumed.

*Institutional Risks.* Institutions will have custody of the assets of a Client Mandate. Certain assets of a Client Mandate will be exposed to the credit risk of the dealers, brokers, and exchanges through which the Firm deals, whether the Firm engages in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of a Client Mandate. If any broker-dealer or other financial institution holding a Client Mandate’s assets were to become bankrupt or insolvent, it is possible that the Client Mandate would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

*Counterparty Risk.* Brokers may trade with an exchange as principals on behalf of the Client Mandates, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of a Client Mandate (for example, the transactions that the broker has entered into on behalf of a Client Mandate as principal as well as the margin payments that the Client Mandate provides). In the event of such broker’s insolvency,

the transactions into which the broker has entered as principal could default, and the Client Mandate's assets could become part of the insolvent broker's estate, to the detriment of the Client Mandate. The Client Mandate's assets may be held in "street name," in which case, a default by the broker could cause the Client Mandate's rights to be limited to that of an unsecured creditor.

To the extent that a Client Mandate invests in swTc43, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Client Mandate may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally will be backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

In addition, a Client Mandate's prime broker and trading agreements may contain certain provisions that allow a counterparty to either terminate the relevant agreement or require additional levels of collateral, as applicable, for various reasons. The termination of the relevant agreement may result in immediate payment by the Client Mandate of the mark-to-market amount, or net liability, due under the agreement, and, if not immediately replaced, a loss of the previously held investment and/or hedging exposure.

*Discretion and Changes in Investment Strategy.* The Firm has considerable discretion in choosing the securities that may be acquired, and, subject to its fiduciary duties, it has the right to modify the investment strategy, selection criteria or hedging techniques used by a Fund without the consent of its securityholders.

*Financial Crises and Effects on Global Financial Markets.* World financial markets have in the past experienced and may in the future experience extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In reaction to these events, regulators in the U.S. and several other countries previously have taken and may in the future take regulatory actions. However, global financial markets may remain volatile, and it is uncertain whether regulatory actions will be able to prevent losses and volatility in securities markets. It is possible that regulatory actions might increase the possibility of future volatility. Regulations may increase market fragmentation and decrease the global flow of capital as it may be too difficult for a Client Mandate and other market participants to comply with multiple regulatory regimes. There may be significant new regulations that could limit a Client Mandate's activities and investment opportunities or change the functioning of capital markets, and there is the possibility of regional and/or worldwide economic downturn. Consequently, a Client Mandate may not be capable of, or successful at, preserving the value of its assets, generating positive investment returns, or effectively managing its risks.

*Catastrophic Risks.* A Client Mandate may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, Novel Coronavirus, Zika avian influenza, other coronaviruses, Ebola or other existing or new epidemic diseases, or the threat or fear thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding, and other natural disasters; acts of war, military conflicts, social unrest or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. Such events could exacerbate political, social, and economic risks previously mentioned and result in significant breakdowns, delays, and other disruptions on a local, regional, and global scale, which may have adverse effects on the operating performance of a Client Mandate and its portfolio companies. The extent of the impact of any such catastrophe or other emergency on a Client Mandate and its portfolio companies' operational and

financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand for goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which will be highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a Client Mandate participates (or has a material effect on any Client Mandate's portfolio companies or locations in which such portfolio companies or the Firm operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect on a Client Mandate or the ability of the Firm to fulfill its investment objectives.

*Algorithmic Trading.* The Firm relies on computer models, data inputs and assumptions in generating trade orders or recommendations (as applicable). Statistical investing models, such as those used by the Firm, rely on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur, and, accordingly, may generate losses another manager could have been able to avoid.

*Cyber Security Breaches and Identity Theft.* The information and technology systems of the Firm, its affiliates, the Funds and their service providers and their portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, other security breaches and/or usage errors by their respective professionals. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

The Firm and/or its affiliates have implemented, or expect to implement, measures to manage risks relating to these types of events. However, if these systems will be compromised, become inoperable for extended periods of time, or cease to function properly, the Firm, its affiliates, one or more Funds, their service providers and/or their portfolio companies may have to make a significant investment to fix or replace them. The failure of these systems for any reason could cause significant interruptions in such parties' operations and/or a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the reputation of the Firm, its affiliates, the Funds and/or their portfolio companies, subject any such entity and their respective affiliates to legal claims and/or otherwise affect their business and financial performance. Specifically, cyberattacks and the failure of such systems may interfere with the processing of Fund Investor subscriptions, deposits, or withdrawals, impact a Client Mandate's (or its service providers') ability to value its assets, cause the release of confidential information and/or subject a Fund investor to regulatory fines, penalties or financial losses, reimbursement, or other compensation costs, and/or additional compliance costs. A Fund also may incur substantial costs for cyber- security risk management to prevent any cyber incidents in the future. A Client Mandate and the Fund Investors could be negatively impacted as a result.

*Outsourced Trading.* The Firm may delegate the authority to select brokers for the Client Mandate's transactions to a third party. As a result, the Client Mandate's expenses will be higher as a result of paying such third party than if the Firm traded directly with such brokers.

*Risk Management.* A Client Mandate's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of a Client Mandate will be achieved or that the Client Mandate will be profitable, and results may vary substantially over time. The Firm will focus on



managing risk through the quality of its investment process and monitoring of investments. The Firm may not broadly diversify the portfolio, and, in such event, a Client Mandate will bear greater risk with respect to each investment than would be the case with respect to a diversified portfolio.

There can be no assurance that the investment objectives of a Client Mandate will be achieved. In fact, many of the investment techniques utilized by a Client Mandate may, in certain circumstances, exacerbate the adverse impact of particular transactions or conditions on the investment program of a Client Mandate.

*Large-Cap and Mid-Cap Risks.* Large-cap and/or mid-cap segments of the stock market bear the risk that these types of stocks tend to go in and out of favor based on market and economic conditions. However, stocks of mid-cap companies tend to be more volatile than those of large-cap companies because mid-cap companies tend to be more susceptible to adverse business or economic events than larger, more established companies. During a period when large- and mid-cap U.S. stocks fall behind other types of investments, bonds, or small-cap stocks, for instance, the performance of investment strategies focused on large- and/or mid-cap stocks will lag the performance of these other investments.

*Small-Cap and International Risks.* Historically, small-cap and international stocks have been riskier than large- and mid-cap U.S. stocks. During a period when small-cap and/or international stocks fall behind other types of investments, U.S. large- and mid-cap stocks, for instance, the performance of investment strategies focused on small-cap or international stocks may lag the performance of these other investments.

The foregoing list of risk factors does not purport to be a complete enumeration or discussion of all the risks associated with a Client's specific mandate. A Client's offering memorandum or other disclosure document contains additional information with respect to the risks to which the Client will be subject. In addition, as the strategies develop and change over time, an investment in the strategies may be subject to additional and different risk factors. The Firm will promptly amend this Brochure if and when any information regarding its investment risks and strategies becomes materially inaccurate.

#### **Item 9. Disciplinary Information**

There will be no legal or disciplinary events that will be material to a client's or prospective client's evaluation of the Firm's advisory business or its management.

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

Notwithstanding the foregoing, at any time and from time to time, the Firm and its affiliates may manage assets of other individuals or entities, including affiliates of the Firm. Such clients may include other investment vehicles, including those formed to invest directly or indirectly, in whole or in part, in the Fund, and managed accounts or investment vehicles formed.

As noted above, Tc43 GP will serve as the general partner to certain Funds.

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

##### **Code of Ethics Overview**

The Firm has adopted a Code of Ethics, which is designed to help ensure that it conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition,

the Firm's Code of Ethics sets forth standards of conduct for its employees to ensure that they conduct their business on the Firm's behalf in a manner that enables the Firm to fulfill its fiduciary duty to its clients.

Among other things, the Firm's Code of Ethics: (i) governs personal trading by the Firm's employees, (ii) contains the Firm's policies with respect to gifts and entertainment, (iii) contains the Firm's policies regarding certain outside activities of its employees, (iv) sets forth the Firm's policies and procedures relating to insider trading, and (v) sets forth the manner in which employees may report violations of law or the Firm's policies and procedures. The Firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

#### Personal Trading Policy

The Firm's Code of Ethics imposes limits on the activities of employees of the Firm and, in certain circumstances, affiliates and/or other third parties ("Access Persons"), where an activity may conflict with the interests of Firm clients. These includes certain personal trading restrictions and prohibitions against the buying and selling of any security while either Firm or the employee is in possession of material, non-public information concerning the security or the issuer.

Employees will be required to provide confirmations and/or account statements for personal securities transactions, including the transactions of immediate family members living in the same household and accounts over which the employee has investment discretion or influence, to the employee designated by the Firm's Chief Compliance Officer ("CCO"). All employees of the Firm will be deemed to be Access Persons. Additionally, employees will be required to provide the CCO with periodic reports relating to their trading activity and personal accounts. The Firm's policies relating to personal trading also generally apply to an employee's spouse or minor child, a domestic partner, or an immediate family member of an employee living in the same household as such employee.

#### Participation or Interest in Client Transactions

The Firm makes available, to qualified prospective investors, the opportunity to invest in the Funds. The Firm expects that some related parties may have significant personal investments in the Funds. In addition, Tc43 GP, its affiliate, may receive an incentive allocation from the Funds.

The Firm will not engage in principal transactions with Client accounts unless it has determined that the transaction is in the relevant clients' best interests and have obtained client consent in accordance with the Firm's written procedures and applicable law.

### **Item 12. Brokerage Practices**

#### Selection of Brokers

The Firm has an obligation to seek to obtain "best execution" for clients with respect to their trading activity. While not defined by statute or regulation, best execution generally means the execution of client trades at the best net price considering all relevant circumstances. The Firm seeks best execution with respect to all types of client transactions, taking into account various factors. Such factors include, among others: the ability to achieve prompt and reliable executions; the ability to obtain access to a security; the financial stability and reputation of the particular broker-dealer; the quality, comprehensiveness and frequency of available research and related services considered to be of value to the Funds; and the competitiveness of

commission rates in comparison with other broker-dealers satisfying the Firm's other selection criteria. In seeking to achieve best execution, the Firm will not always obtain the lowest possible commission cost.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. The Firm does not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated based on all the considerations described above.

The Firm periodically evaluates, among other things, the execution that it is receiving from brokers. In conducting its analysis, the Firm considers the factors listed above, among others, and will review gifts and entertainment received, and any known conflicts of interests (e.g., directing commissions to a broker that employs a family member of one of the Firm's employees).

#### Research and Other Soft Dollar Benefits

The Firm does not currently have any formal soft dollar arrangements, but it may enter into such arrangements in the future. Nonetheless, the Firm executes transactions on behalf of its clients with brokers that provide the Firm with access to bundled services, including access to proprietary research reports (such as standard investment research and credit reports). To the best of the Firm's knowledge, these services will be generally made available to all institutional investors doing business with such broker. These bundled services will be made available to the Firm on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that the Firm directs to such brokers. If we engage in soft dollar transactions in the future, the Firm intends to comply with the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

#### Brokerage for Client Referrals

Subject to applicable law, the Firm may direct client brokerage business to brokers that refer prospective investors to the Firm. Because such referrals, if any, will be likely to benefit the Firm but may not provide a benefit to the Firm's clients, the Firm would have a conflict of interest with its clients when allocating brokerage business to such brokers. To mitigate this potential conflict, the Firm will not allocate brokerage business to a referring broker unless it determines that such allocation is consistent with its best execution duties.

#### Aggregation of Orders

The Firm may aggregate trades for its clients, even where the Client Mandates differ.

### **Item 13. Review of Accounts**

#### Review of Accounts

Client portfolios will be reviewed, and their performance analyzed, by the Firm's Investment Committee, led by the Chief Investment Officer (the "Investment Committee"), no less frequent than annual basis. In addition, the Investment Committee reviews client portfolios monthly to confirm that the securities held by them remain consistent with their investment strategies, objectives, and guidelines.

## Reporting

In addition to the reporting below, investors may be provided with certain information about the Firm and the accounts that it manages in response to questions and requests. This information may not be distributed to other investors or prospective investors. Each investor is responsible for asking such questions as it believes will be necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by the Firm is sufficient for its needs.

The Firm will furnish investors in the Funds with periodic written unaudited performance reports as set forth in their Governing Documents. In addition, on an annual basis, the Firm will provide investors with a copy of the relevant Fund's annual audited financial statements and, if applicable, a statement of taxable income (Schedule K-1).

Pursuant to "side letter" or other agreements, the Firm may provide certain investors with access to more frequent and/or more detailed information regarding the Funds' securities positions, performance, finances, and management and/or other information about the Funds or the Firm (including notifications of redemptions from a Fund by the Firm and/or its personnel), possibly enabling such investors to better assess the prospects and performance of the Funds.

### **Item 14. Client Referrals and Other Compensation**

Other than the products and services that the Firm receives from broker-dealers (described above in *Item 12*), the Firm does not expect that it will receive any economic benefits from third parties in connection with the provision of investment advice to the Funds.

The Firm may, from time to time, be introduced to certain clients of its prime broker as potential prospective investors in Funds that the Firm advises. This is a common arrangement between advisers and their brokers in the financial industry, commonly referred to as capital introduction, or colloquially as "Cap Intro". The Firm does not pay for Cap Intro directly in the form of referral fees or subscriptions, but nonetheless has access to this service as one aspect of a larger bundle of services that accompany its prime brokerage relationship. Recent SEC rule changes indicate that Cap Intro should be considered a form of Endorsement under rule 206(4)-1, whose use should comply with the requirements of the rule. Accordingly, the Firm treats Cap Intro arrangements as Endorsements and intends to comply with the requirements of the rule."

The Firm, from time to time, may engage and compensate third-party marketers for introductions to potential investors or clients.

### **Item 15. Custody**

For purposes of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), the Firm will be deemed to have custody over the Funds' assets because it has the authority to obtain client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. However, the Firm will not be required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it will comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception". In accordance with the Pooled Annual Vehicle Annual Audit Exception Custody Rule, a qualified custodian is not required to deliver quarterly account statements to the Funds or their respective investors as long as: (i) the Funds are audited by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board, (ii) the Funds' audited financial statements are prepared in accordance with U.S. generally

accepted accounting principles, and (iii) the Firm delivers such annual audited financial statements to investors within 120 days after the end of each Fund's fiscal year.

**Item 16. Investment Discretion**

The Firm has discretionary authority to manage securities and other investments on behalf of client accounts. The investors in the Funds will be generally unable to place limits on the Firm's authority beyond the limitations set forth in their respective Governing Documents. Under certain circumstances, the Firm may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. The Firm would negotiate such arrangements on a case-by-case basis.

**Item 17. Voting Client Securities**

The Firm generally has voting discretion over client securities. Clients will not be able to direct their votes in a particular situation. The Firm has adopted proxy voting policies and procedures, which will be summarized below.

In the absence of specific voting guidelines from the client or conflicts of interest, the Firm votes all proxies in the best interests of each client. In addition, the Firm may determine to abstain from voting a proxy if it believes that such action is in the best interests of a particular client. The Firm takes into account the following factors, among others, in determining if a specific proposal is in the best interests of a particular client: (i) management of the issuer's views and recommendations on such proposal; (ii) whether the proposal may have the effect of entrenching existing management and/or making management less responsive to shareholders' concerns (e.g., instituting or removing a poison pill, classified board of directors and/or other anti-takeover measure); and (iii) whether the Firm believes that the proposal will fairly compensate management for its and/or the issuer's performance. If the Firm deems that the issue being voted upon is not material for the Firm and its clients or it determines that the cost of voting a proxy would exceed the expected benefit to the Firm's clients, the Firm is not obligated to vote on such matter.

Conflicts of interest may arise between the interests of clients on the one hand and the Firm or its affiliates on the other hand. If we determine that we may have, or be perceived to have, a conflict of interest when voting proxies, we will vote in accordance with our proxy voting policies and procedures. Clients may obtain a copy of the Firm's proxy voting policies and proxy voting record upon request.

**Item 18. Financial Information**

The Firm is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time during the past ten years.