

**Phoenician Capital LLC**

600 Fifth Avenue, 2nd Floor  
New York, New York 10020  
(646) 293-3749

**October 2024**

This brochure provides information about the qualifications and business practices of Phoenician Capital LLC and its affiliated entities (collectively “**Phoenician**” or the “**Firm**”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer (“**CCO**”) Tamar Nehme, at (+961) 71 77 98 51 or [TN@phoeniciancapital.com](mailto:TN@phoeniciancapital.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Phoenician can be found on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

---

This brochure has been updated to reflect that as of October 1, 2024, Tamar Nehme is now the CCO of Phoenician.

### Item 3: Table of Contents

---

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation .....	4
Item 6: Performance-Based Fees and Side-By-Side Management.....	5
Item 7: Types of Clients .....	5
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	6
Item 9: Disciplinary Information.....	10
Item 10: Other Financial Industry Activities and Affiliations.....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	10
Item 12: Brokerage Practices.....	12
Item 13: Review of Accounts .....	14
Item 14: Client Referrals and Other Compensation .....	14
Item 15: Custody .....	15
Item 16: Investment Discretion .....	15
Item 17: Voting Client Securities .....	15
Item 18: Financial Information.....	16

#### **Item 4: Advisory Business**

---

Phoenician Capital LLC is a registered investment adviser with the SEC and was founded in 2006 by John Khabbaz.

Phoenician is the investment adviser to private pooled investment vehicles via master feeder structures (each a “**Private Fund**” and collectively the “**Private Funds**”). Phoenician may in the future manage other pooled investment vehicles or accounts (including separately managed accounts).

Phoenician provides investment management services to the Private Funds based upon specific investment objectives and strategies. The Private Funds are managed in accordance with their own objectives and are not tailored to any particular Private Fund investor (each an “**Investor**” and collectively “**Investors**”). The primary objective of the Private Funds is to achieve compound returns on invested capital at a better-than-average rate, while taking less-than-average principal risk.

As of December 31, 2023, Phoenician managed Regulatory Assets under Management (“**RAUM**”) of approximately US \$157,274,000 on a discretionary basis. Phoenician does not manage any assets on a non-discretionary basis.

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

---

Fees and compensation are described in the advisory contracts entered into with each Private Fund, as well as in the applicable offering memorandum for each Private Fund. The below is intended as a summary, and prospective Investors should refer to the offering documents for the Private Fund or Private Funds in which they are considering investing for a more complete description.

Phoenician generally charges each Private Fund (without duplication for Investors in a master-feeder structure), a quarterly management fee at an annual rate of 1.0% of the net assets of the Private Fund. Management fees are generally deducted from client accounts each quarter in advance based on the total market value of the assets in the applicable Private Fund’s accounts (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest) on the first day of the quarter. The management fee will generally be prorated for additions to and withdrawals from a Private Fund during a particular quarter. The management fee accrues monthly. Affiliates of the Firm also generally charge each Private Fund (without duplication for Investors in the master-feeder structure) performance compensation equal to 20% of the increase in net asset value of the applicable Private Fund, subject to a high water mark and a “hurdle rate” of 6%. This “hurdle rate” will not be applied cumulatively, and any “hurdle rate” shortfall will not be carried forward to any future calendar year.

Generally, such affiliates receive performance-based fees or allocations from client accounts on an annual basis in arrears and upon redemptions by Investors with respect to such Investors.

The Firm’s fees and compensation with respect to the Private Funds are generally non-negotiable but do vary amongst the Private Funds and within each Private Fund. Phoenician retains the right to waive or reduce fees, or charge different fees, with respect to Investors.

## **Expenses**

Phoenician's clients will generally be obligated to pay certain fees and expenses of, and pertaining to, the applicable Private Fund.

Without limiting the foregoing, the Private Funds shall bear their pro-rata expenses, including operating expenses, expenses related to the offering of shares, filings, investor reporting costs, administration and audit expenses, research subscription services (Bloomberg, Capital IQ, etc.), travel-related research and due diligence, trading systems and software, risk management systems and software, order management systems, interest on margin accounts, legal, accounting and professional fees, fees of the client's independent Directors (if any), expenses of Advisory Committee members, consulting fees, insurance costs, borrowing charges on securities sold short, custodial fees, trustees fees, brokerage commissions, bank service fees, interest on loans and debit balances, any taxes applicable to the client's on account of its operations and/or investments, and any and all expenses related to the activist operation of the client, as Phoenician shall determine in its discretion. Phoenician bears its own expenses, including office rent and similar overhead expenses, in addition to the salaries and benefits of its employees.

For further details on the Firm's brokerage practices refer to Item 12 of this brochure.

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

---

As referenced in Item 5 above, an affiliate of the Firm receives an annual performance allocation with respect to the Private Funds that is calculated based upon a percentage of the net capital appreciation of the relevant Private Fund. The performance allocations are charged in compliance with Rule 205-3 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

As the management fees and performance-based fees/allocations for each client are based directly on the net asset value of such client, Phoenician has a conflict of interest in valuing client assets. Phoenician will follow its documented valuation policies in order to mitigate this risk.

Performance-based fee arrangements may create an incentive for Phoenician to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. Phoenician has policies and procedures in place which are intended to ensure that all clients are treated fairly and equitably. (See Item 12 with respect to allocation of investment opportunities).

## **Item 7: Types of Clients**

---

Investors in the Private Funds are 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) and, for certain of the Private Funds, "qualified purchasers" (as defined under the 1940 Act). The initial and additional subscription minimums for each Private Fund are disclosed in the offering documents for the Private Fund.

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

---

### ***Methods of Analysis & Investment Strategy***

The Firm intends to manage the Private Funds as an opportunistic global value investor by purchasing securities in companies at prices significantly lower than the Firm's conservative estimates of their intrinsic value.

The Firm believes the success of their strategy will be based on assertive discipline, built on three pillars:

- Exhaustive primary research: The Firm's research techniques include studying SEC filings, visiting companies, interviewing company management, reading trade journals, testing products and services, speaking with competitors, customers and vendors. The more relevant information that the Firm has regarding an investment, the more likely the Firm believes it will succeed in purchasing securities at an attractive level.
- Price/value: The value of a business is the present value of its future distributable cash flows. The Investment Manager's main task will be to project such cash flows. The Investment Manager believes that significant opportunities can be uncovered by: (a) focusing only on those businesses whose cash flows the Investment Manager can project with adequate accuracy, and (b) rigorously applying sound financial theory. For example, most valuations should incorporate the concepts of "owners' earnings" and "economic value added."
- Margin of safety: By insisting on paying a price that is at a significant discount to the conservative assessment of each investment's true value (the "margin of safety"), the Investment Manager believes it will minimize potential downside risk and maximize potential reward for the Portfolio.

The Private Funds may also invest in turnaround situations or in companies that have fallen out of favor because of discrete solvable problems such as legal difficulties, industry downturns or strenuous product introductions.

The Private Funds will largely invest in the securities of publicly traded companies and, if the Private Funds believes it can add value, the Private Funds, on occasion, in a company's secured debt, unsecured debt or preferred stock. The Private Funds will invest in both U.S. and non-U.S. companies.

The Firm's trading program is speculative and may entail substantial risks. (See "*Risk Factors*" below).

### ***Risk Factors***

An investment in each Private Fund or other account is speculative and involves a high degree of risk. There can be no assurance that the investment objectives of any Phoenixian client will be achieved or that an investment with Phoenixian will generate positive returns for any client.

The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks generally involved in the Firm's investment strategies. Prospective investors are urged to consult their professional advisers and review the legal documents for the applicable client accounts (including the risk factor section in the offering memorandum for the Private Funds) before deciding to make an investment.

- Certain investments for the Private Funds may be very illiquid, and may not be able to be sold at prices that reflect the Private Fund's assessment of their value. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale and other factors. Furthermore, the nature of certain investments, especially those in financially distressed companies, may require a long holding period prior to profitability.
- The Private Fund will frequently require longer-term holding periods for its positions in order to be successful and positions may experience considerable price volatility over such holding periods. An investment in the Private Fund, therefore, may not be appropriate for Investors requiring short-term liquidity or stable returns.
- There is no limit on the amount of the Private Fund's assets that may be invested in a single issuer, security, industry or sector. Although the Firm will generally seek to diversify the portfolio's underlying equity investments, it is possible that at times a significant amount of the portfolio's capital could be invested in the securities of only a few companies, including, in a very few, illiquid, foreign-listed positions. Concentration of the portfolio's trading and investments in a small number of issuers or industries would subject the portfolio to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industries.
- Although the Firm does not usually engage in short sales on behalf of the Private Funds, it may do so from time to time. A short sale involves the sale of a security that the Private Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Private Fund must borrow the security and the Private Fund is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the Private Fund. When the Private Fund makes a short sale in the United States, it must leave the proceeds thereof with the broker and it must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. The extent to which the Firm will engage in short sales on behalf of the Private Fund will depend upon the Firm's investment strategy and perception of market direction and the value of individual securities. The Firm may engage in short sales based on its fundamental analysis of the subject issuers and/or as a hedge against potential market declines.
- The Private Funds may invest in derivative instruments. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, financial assets, currencies or indices. Derivatives allow an Investor to hedge or speculate upon the price movements of a particular security, financial benchmark, financial asset, currency or index at a fraction of the cost of investing in the underlying asset. The Private Fund may seek to acquire derivatives for these and other reasons. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading, including liquidity risk and counterparty risk. The Private Fund may take advantage

of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, and additional risks may result.

- The Private Funds may invest in foreign securities. Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the securities will be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and certain foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; and (iv) the extension of credit, especially in the case of sovereign debt.
- The Firm's investment program may involve borrowing funds in order to make additional investments, which may increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the investments would be amplified. Interest on borrowings will be a portfolio expense of the client accounts and will affect the operating results of the client accounts. Investing in options and other derivatives provides significantly more market exposure than investing directly in the underlying asset. Accordingly, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the client accounts to the possibility of a loss exceeding the original amount invested. In addition, the value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof.
- The Private Funds may lend their portfolio securities. By doing so, the Firm attempts to increase the Private Funds income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Private Funds could experience delays in recovering the securities they lent. To the extent that the value of the securities lent has increased, a loss could be experienced if such securities are not recovered.
- The Firm's investment program will not generally be diversified among a wide range of types of securities, countries or industries. Accordingly, the investment portfolio of the client accounts may be subject to more rapid changes in value than would be the case if the client accounts maintained a wide diversification among types of securities and other instruments and countries and industries. In addition, in certain transactions, a client account may not be "hedged" against market fluctuations or, in reorganization or liquidation situations, may not accurately value the assets of the subject company or the degree of legal and regulatory risk, thereby resulting in losses for a client account.
- The Firm may leverage investment positions by borrowing funds from securities broker-dealers, banks or others. While leverage presents opportunities for increasing the total return on an investment, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by the client account(s) would likely be magnified to the extent that any of them are leveraged.
- The occurrence of epidemics, pandemics or other widespread public health problems,



could adversely affect the performance of Private Funds.

As the potential impact on global markets from epidemics, pandemics or other health crisis, is difficult to predict, the extent to which any such crisis may negatively affect the performance of Private Funds or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to any such health crisis may result in undeterminable periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline international trade, and shortages of supplies, goods and services. An epidemic or pandemic outbreak and reactions to such an outbreak are expected to cause uncertainty in the markets and businesses and may adversely affect the performance of the U.S. or global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. An epidemic or pandemic outbreak may also lead to an increase in budgetary spending to respond to the spread of an infectious disease and significant policy changes which could have an unfavorable impact on the U.S. or global economy. It is difficult to predict accurately the impact of any large epidemic or pandemic, and because an epidemic or pandemic may create significant market and business uncertainties and disruptions, not all events can be determined and addressed in advance.

Any potential impact on performance will depend to a large extent on ongoing developments and new information that may emerge regarding the duration and severity of any such health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, particularly in the United States, all of which are beyond the control of Phoenixian.

- Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt Phoenixian's business and operations, or the business and operations of any counterparty or service provider to Phoenixian or Private Funds, and the Private Funds may be adversely affected thereby. For example, if a significant number of Phoenixian's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), Phoenixian's ability to effectively conduct business could be severely compromised. In addition, the cost to Private Funds and/or Phoenixian of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While Phoenixian has adopted certain policies and procedures designed to restore and/or continue Phoenixian's business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and the Private Funds may be adversely affected thereby.
- Private Funds may trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a "**Market Disruption Event**"), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for Phoenixian to value the positions that trade in the affected markets, and Private Funds may be exposed to

significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Private Funds investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear the trades and positions of Private Funds. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of Phoenixian to trade positions on behalf of. Market Disruption Events could also have a direct physical impact upon Private Funds' and/or Phoenixian's operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While Phoenixian has taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that Private Funds would not suffer material adverse consequences should a Market Disruption Event occur.

---

**Item 9: Disciplinary Information**

---

Neither the Firm nor any of the Firm's management personnel are subject to, or have in the past been subject to, any criminal or civil action in any domestic or foreign court, and neither the Firm nor any of the Firm's management personnel have been subject to any administrative proceedings before the SEC or any other state, federal or foreign financial regulatory authority or self-regulatory authority.

---

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

---

The Firm does not currently have any relevant financial industry activities or affiliations to report at this time.

---

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

---

***Participation or Interest in Client Transactions***

The Firm serves as the investment adviser to the Private Funds. Employees, affiliates of the employees, and relatives of the employees may make investments in such clients.

Phoenixian's employee investment policy generally prohibits employees from trading in any Reportable Securities, as well as requires that employees pre-clear all trade requests with the CCO. This policy was put in place to eliminate the potential conflict between the Firm's employees and the Private Fund's trading in the same names.

Phoenixian's preapproval requirement for all employee personal trading requests is aimed at mitigating this potential conflict of interest. The Firm has adopted this pre-clearance policy in an effort to minimize such conflicts.

The Firm, its principals and employees do not purchase or sell any securities for their own accounts to or from its clients.

### ***Code of Ethics and Personal Trading***

Phoenician has adopted a Code of Ethics and an Employee Investment Policy that establishes various procedures with respect to investment transactions in accounts in which the Firm's employees or related persons have a beneficial interest or accounts over which an employee has investment discretion.

The foundation of the Code of Ethics and Employee Investment Policy is based on the following underlying fiduciary principles:

- Employees must at all times place the interests of the clients first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code of Ethics and Employee Investment Policy; and
- Employees should not take inappropriate advantage of their position at Phoenician.

All Phoenician employees are deemed to be "Supervised Persons" and are required to adhere to a comprehensive Code of Ethics and Employee Investment Policy, which covers the duty of confidentiality as well as personal trading. All employees are required to certify their adherence to the Code of Ethics and Employee Investment Policy upon commencement of employment and quarterly thereafter.

In general, employees (and members of their immediate households) are prohibited from investing in equities, options or futures and must obtain written pre-approval from the CCO for other transactions. The spirit of the Code of Ethics and the Employee Investment Policy is to discourage frequent trading in employee personal accounts and to eliminate the potential for conflicts stemming from employee trading.

This policy does not apply to transactions involving government securities or open-end mutual funds, ETFs or other instruments which afford the Investor no discretion over individual securities transactions.

All Phoenician employees must direct their brokers to send duplicate copies of trade confirmations and brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

Employees must also obtain pre-approval from the CCO before engaging in any outside business activities or receiving an allocation of an Initial Public Offering ("**IPO**").

### ***Insider Trading Policies and Procedures***

Phoenician maintains Insider Trading policies and procedures (the "**Insider Trading Policies**") that are designed to prevent the misuse of material, non-public information. Among other things, such policies seek to control and monitor the flow of inside information to and within Phoenician, as well as prevent trading based on inside information. On a periodic basis, the Firm's employees are required to certify to their compliance with the Compliance Manual and Code of Ethics, including the Insider Trading Policies.

The Firm's Code of Ethics is available on the premises only to clients upon request.

### ***Privacy Policy***

Phoenician is committed to maintaining the confidentiality, integrity and security of the Firm's Investors' personal information and maintains a privacy policy which is distributed to the Firm's Investors in the Firm's Private Funds on an annual basis.

It is the Firm's policy to collect only information necessary or relevant to the Firm's management business and use only legitimate means to collect such information. Phoenician does not disclose any non-public personal information about the Firm's Investors or former Investors to anyone except for servicing and processing transactions and as required by law. Phoenician restricts access to non-public personal information about Investors to those employees with a legitimate business need for the information. Phoenician maintains security practices, physical, electronic, and procedural safeguards to guard Investor's non-public personal information.

Upon request, Phoenician will provide a copy of the Firm's privacy policy.

### **Item 12: Brokerage Practices**

---

As an adviser and a fiduciary, Phoenician requires from the Firm's employees that the Firm's clients' interests must always be placed first and foremost, and the Firm's trading practices and procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests or resolve such conflicts in the clients' favor. The Firm has adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure the Firm's trading practices are fair to all clients and that no Private Fund or other client account is advantaged or disadvantaged over any other.

#### ***Aggregation***

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. The Firm's policy is to aggregate client transactions where possible and when advantageous to the clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis.

#### ***Allocation***

The Firm's policy prohibits any allocation of trades in a manner that results in more favorable treatment for the Firm's proprietary accounts, affiliated accounts or any other client.

Phoenician has adopted a policy for the fair and equitable allocation of investments that generally analyzes each trade, taking into consideration the specifics of each investment and each client (including, without limitation, specifics described herein). As a general matter, subject to such consideration, investment opportunities will be allocated among clients that employ the same or substantially similar investment strategies. Such opportunities are generally allocated on a pro rata basis (based upon asset size, as adjusted by leverage) when possible, unless facts specific to the transaction and/or client warrant an alternative allocation.

As mentioned above, factors such as the following (but not limited to the following) will be considered when allocating investments among client accounts (and potentially on a non-pro rata basis): the investment strategy (including concentration guidelines) of each client; any

regulatory, contractual or investment restrictions and/or other limitations or instructions of each client; the relative amounts of capital available for new investments of the type at issue; Phoenician's perception of the appropriate risk/reward ratio for each client; current positions in the applicable security in each client account; the liquidity of each client account at the time of investment and thereafter; applicable tax considerations; the availability of the investment opportunity and the nature of the investment opportunity taken in the context of other available investment opportunities; and the overall portfolio composition of each client account.

These areas are monitored by the CCO.

### ***Best Execution***

As an investment advisory firm, Phoenician has a fiduciary duty to seek best execution for client transactions. In choosing brokers and dealers and negotiating commission rates, Phoenician will seek "best execution" taking into account such factors as it determines to be relevant, which will include, without limitation, some or all of the following: the financial stability and reputation of a brokerage firm; the brokerage, research and related services provided by such brokerage firm (including the ability of the firm to effect prompt and reliable executions at favorable prices); the operational efficiency with which transactions are effected by such brokerage firm; such brokerage firm's risk in positioning a block of securities; and the referral of investors. For the most part, Phoenician seeks the best combination of brokerage cost and execution quality. However, Phoenician is not required to solicit competitive bids or seek the lowest available commission cost or spread available.

The CCO will ensure that brokerage is periodically reviewed for best execution.

### ***Soft Dollars***

The Firm has not used in the past, and does not currently use "soft dollars." In the future, if the Firm employs soft dollars, the Firm intends to keep any research activities and products that are related to such arrangements within the parameters of Section 28(e) of the United States Securities Exchange Act of 1934, as amended.

Such research and research-related products and services may include, without limitation: written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; discussions with research personnel; access to events hosted by brokers; financial publications; and statistical and pricing services along with hardware, software, databases and other technical and telecommunication services, lines and equipment utilized in the investment management process (including, without limitation, order management systems) and any updates, improvements, repairs and replacements thereto.

Brokers may suggest a level of business they would expect to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but may also exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

### ***Services from Prime Brokers***

Phoenician's prime brokers provide Phoenician with front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities and other financial instruments. Phoenician's prime brokers may also provide Phoenician with capital introduction and talent recruitment services.

### ***Trade Errors***

As a fiduciary, Phoenician has the responsibility to effect orders correctly, promptly and in the best interests of the clients. Phoenician has controls and procedures in place designed to detect and correct in a timely manner any trade errors that may occur and to minimize related losses. Trade errors are documented and reported to the Firm's CCO and reviewed to assess whether an error was a result of a weakness in internal procedures and controls. If it is determined that a weakness in internal controls caused or contributed to the error, mitigating controls are established to rectify the identified control weakness. It is the Firm's policy generally not to reimburse Clients for any errors or mistakes with respect to the Firm's placing or executing trades for the Private Fund, as such errors are considered by the Firm to be a cost of doing business. However, the Firm would be obligated to reimburse the Private Fund for any trade error resulting from the Firm's fraud, gross negligence or willful misconduct. The Firm, subject to its fiduciary obligations, would determine whether or not any trade error is required to be reimbursed in accordance with this policy. Any trade errors resulting in a gain for the Private Fund would be retained by the Private Fund and not retained by the Firm.

Errors that do not result in transactions in Private Fund accounts (such as transactions that result in loss of an investment opportunity) will not be subject to these procedures.

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

---

#### ***Review of Accounts***

The Firm reviews the Private Funds' accounts on a continual basis to assure conformity with investment objectives and guidelines. The Firm engages in active management for the Firm's clients and reviews the Firm's transactions, positions and cash balances on a daily basis.

#### ***Reporting***

Phoenician will distribute an audited financial report for each Private Fund with respect to the previous fiscal year to all Investors in such Private Fund within 120 days of fiscal year-end. In addition, each Private Fund will generally distribute net asset value updates and performance reports on a quarterly basis.

In addition, investors may be provided with information (including, without limitation, position level information, counterparty exposure, and fund liquidity) about Phoenician and the Private Funds in response to questions and requests, and/or in connection with due diligence meetings or other communications, but such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by Phoenician is sufficient for its needs.

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

---

Phoenician may compensate, either directly or indirectly, persons for client referrals or referrals of Investors in the Private Funds.

From time to time, the Firm may enter into written agreements with third parties who solicit potential Investors or clients on behalf of the Firm. If applicable, such agreements will comply

with Rule 206(4)-3 under the Advisers Act and other applicable requirements of the Advisers Act and applicable state securities law requirements. Typically, with respect to the Private Funds, compensation under those agreements consists of a percentage of certain of the investment management fees collected with respect to Investors in a Private Fund who become an Investor as a result of the solicitor's efforts. Generally, Investors in a Private Fund are not responsible for any part of the compensation that solicitors receive from the Firm's affiliates, and generally do not charge Investors introduced by such solicitors any higher fee or any additional amount as a result of obligations to pay such solicitors for their solicitation services.

---

**Item 15: Custody**

---

The Firm will comply with the requirements of the Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**") with regards to Phoenician's custody of the client assets. The Firm is deemed to have custody of the Private Funds' assets and securities because the Firm has the authority to obtain funds or securities, for example, by deducting advisory fees from a Private Fund's account or otherwise withdrawing funds from a Private Fund's account.

The Firm does not expect to be required to comply (or expect to be deemed to have complied) with certain requirements of the Custody Rule with respect to each Private Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Private Fund be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Private Fund distribute its audited financial statements to all investors in such Private Fund within 120 days of the end of its fiscal year.

---

**Item 16: Investment Discretion**

---

Phoenician generally has discretionary authority to determine, without obtaining specific consent, securities to be bought or sold, the amount of securities to be bought or sold, broker-dealer to be used and the commission rates paid. With respect to the Private Funds, any limitations on authority are included in each Private Funds' investment management agreement, or governing documents, as applicable.

---

**Item 17: Voting Client Securities**

---

Phoenician generally has voting discretion over securities held in the clients' accounts. Clients are generally not able to direct their votes in a particular situation. Phoenician will vote proxies when it deems it necessary and material to its clients' interests.

If Phoenician deems that the issue being voted upon is not material for the applicable client, Phoenician will not be obligated to vote on such matter.

Phoenician may, in its discretion, retain a third party to assist it in coordinating and voting proxies with respect to client securities. If so, the Phoenician will monitor the third party to assure that all proxies are being properly voted and appropriate records are being retained.

Phoenician will identify any conflicts that exist between the interests of Phoenician and its clients in connection with any proxies to be voted by Phoenician on behalf of its clients. This examination will include a review of the relationship of Phoenician and its affiliates with the issuer of each security and any of the issuer's affiliates to determine if the issuer is a client of Phoenician or an affiliate of Phoenician or has some other relationship with Phoenician or a

client of Phoenician. Such conflicts may arise, for example, from the following relationships: (i) the issuer is an investor in a fund or account managed by Phoenician; (ii) the issuer has a material business relationship with Phoenician; (iii) the proponent of a proxy proposal has a business relationship with Phoenician (e.g., the proponent is a pension plan for which Phoenician manages money); (iv) Phoenician has material business relationships with candidates for director in a proxy contest; or (v) an employee of Phoenician has a personal interest in the outcome of a particular matter. This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify the Phoenician of any potential conflicts of interest of which he or she is aware.

If Phoenician is authorized to vote a proxy with respect to an issuer or a person or entity with respect to which Phoenician has identified a conflict of interest, Phoenician will abstain from such vote.

To the extent that Phoenician has discretion to participate in class action lawsuits filed against companies or issuers in which its clients are invested, Phoenician will generally participate in such class action lawsuits unless it believes that such participation is not in the best interest of its clients.

#### **Item 18: Financial Information**

---

Phoenician has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.