

FIRM BROCHURE

Divisadero Street Capital Management, LP

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CRD Number: 317392

This brochure provides information about the qualifications and business practices of Divisadero Street Capital Management, LP (“Divisadero”, the “Adviser”, “we”, “us” or “our”). If you have any questions about the information contained in this brochure, please contact us at (415) 378-0636.

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

This brochure does not constitute an offer, solicitation, or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of an offering memorandum and governing documents that contain the material terms relating to such investment, products, or services.

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

March 25, 2024

Important Note About This Brochure

This Part 2A of Form ADV: Brochure (the “Brochure”) is not:

- an offer or agreement to provide advisory services to any person;
- an offer to sell interests or a solicitation of an offer to purchase interests in any investment product or vehicle advised by Divisadero; or
- a complete discussion of the features, risks or conflicts associated with any account advised by Divisadero.

Divisadero provides this Brochure to current and prospective investors and clients.

Persons who receive this Brochure (whether or not from Divisadero) should be aware that it is designed solely to provide information about Divisadero as necessary to respond to certain disclosure obligations under the Investment Advisers Act of 1940, as amended. Therefore, the information in this Brochure may differ from information provided in the materials that govern an account or investor relationship such as an advisory contract or a private fund’s governing documents.

In no event should this Brochure be considered to be an offer of, or agreement to provide, advisory services directly to any recipient.

Item 2: Material Changes

The date of our last updating amendment to our firm brochure was March 31, 2023. A summary of the material changes that have been made to our firm brochure since March 31, 2023 is set forth below:

- Item 1: Cover Page was revised to reflect our new address.
- Item 4: Advisory Business was revised to add a new advisory client and update regulatory assets under management. Item 5: Fees and Compensation and Item 15: Custody were also revised to include references to the new advisory client.
- Item 8: Revisions were made to the risk factor disclosures set forth in Item 8, Methods of Analysis, Investment Strategies and Risk of Loss regarding Epidemics, Pandemics, and Public Health Issues and to reflect the Firm's utilization of expert networks and other alternative data providers.

Brian Goldenberg was named Chief Compliance Officer in November 2023 as referenced where appropriate in Form ADV.

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Item 4: Advisory Business

FIRM DESCRIPTION

Divisadero, a Delaware limited partnership, was formed in September 2021. Divisadero provides investment management and other services with respect to affiliated private pooled investment vehicles, Divisadero Street Partners, L.P., a Delaware limited partnership (the “Onshore/Master Fund”) and Divisadero Street Offshore Fund, LP, a Cayman Islands exempted limited partnership (the “Offshore Fund”) which are together referred to as the “Divisadero Funds”. In addition, Divisadero, subsequent to December 31, 2023, began serving as sub-manager to BEMAP Master Fund Ltd., a Cayman Islands exempted company (the “BEMAP Fund” which together with the Onshore/Master Fund and Offshore Fund are referred to as herein as the “Funds”). Divisadero has been granted, by the BEMAP Fund’s primary manager, full discretionary investment and trading authority over the securities and non-cash properties comprising the assets of the BEMAP Fund. Interests in the Funds are offered to eligible investors on a private placement basis. We have full discretionary authority with respect to the investment decisions of the Funds. Our investment advisory services are provided in accordance with the investment objectives and guidelines set forth in the Funds’ offering and governing documents. The information set forth in this brochure is qualified in its entirety by the Funds’ offering and governing documents. Divisadero Street Partners GP, LLC, a Delaware limited liability company (the “General Partner”) is the general partner of the Onshore/Master Fund and Offshore Fund.

PRINCIPAL OWNERS

The General Partner and Divisadero are principally and ultimately owned and controlled by William Zolezzi (the “Principal”).

TYPES OF ADVISORY SERVICES

Divisadero is investment manager to the Funds, and the Funds are currently its only advisory clients. Divisadero is responsible for investing and re-investing the capital of the Funds in securities, financial instruments and/or other assets in accordance with the investment objectives, policies and guidelines set forth in the Funds’ offering and governing documents. See “Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.”

INVESTMENT RESTRICTIONS

We generally provide investment advice to the Funds in accordance with the investment objectives, policies and guidelines set forth in the Funds’ offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in the Funds. Investors generally are not permitted to impose restrictions on investments in certain securities or types of securities or limitations on the management of the Funds. The Divisadero Funds have entered and may enter into agreements (“Side Letters”) with certain prospective or existing investors whereby such investors may be subject to terms and conditions that are more advantageous than those in the Divisadero Funds’ offering and governing documents. For example, such terms and conditions may include reduced management fees, reduced performance allocation and the right to withdraw all or a portion of their investment in the Fund on shorter notice and/or with more frequency than the terms described in this applicable Fund governing documents. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the investor’s investment in the Funds or affiliated investment entity, an agreement by an investor to maintain such investment in the Fund for a significant period of time or other similar commitment by an investor to the Funds or may be granted to strategic investors.

Interests in the Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended (the “Securities Act”), and the regulations promulgated thereunder. The Funds are not registered with the SEC as investment companies based on specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended (the “Company Act”).

ASSETS UNDER MANAGEMENT

As of December 31, 2023, we had \$634,221,172 in regulatory assets under management. All assets were managed on a discretionary basis. As the BEMAP Fund was launched after December 31, 2023, its assets are not included in the regulatory assets under management listed above.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND BASIC FEE SCHEDULE

In consideration of our advisory services, we generally receive management fees and performance allocations with respect to the Funds. While our fees are described in detail in the Funds' offering and governing documents, a brief summary of our advisory fees is set forth below.

We have entered into, and may in the future enter into, Side Letters or similar arrangements with certain investors that grant different terms (including lower fees) to such investors than the terms generally applicable to other investors in a Fund.

Each investor in the Divisadero Funds generally must be, among other things, an (i) "accredited investor," as such term is defined in Rule 501(a) Securities Act, and (ii) a "qualified purchaser," as such term is defined in Section 2(a)(51)(A) of the Company Act.

Management Fee and Performance Allocation

For its services to the Onshore/Master Fund and Offshore Fund, the Adviser is entitled to a management fee (the "Management Fee") at an annual rate of 2% of each investor's capital account (subject to step down provisions for Founders' Interests). The Management Fee is calculated and paid each calendar quarter in advance based on a percentage of the net asset value of each account or share as defined in the respective Divisadero Funds' offering documents.

The General Partner is entitled to a performance-based profit allocation (the "Performance Allocation") at the end of each Fiscal Period (as defined in the respective Divisadero Funds' offering documents) or at other times as detailed in the Divisadero Funds' offering documents. The Performance Allocation for the Divisadero Funds is equal to, generally, 20% (with Founders' Interests generally at 17.5%) of the amount by which the Fund's net profits for the Fiscal Period exceed the Unrecouped Losses of that capital account as defined in the Fund's offering documents. The Performance Allocation contains what is known as a "high water mark" by including an offset for "Unrecouped Losses". This "high water mark" provision is intended to provide the Performance Allocation from each investor's capital account to the General Partner only after that capital account has recouped prior losses. Losses occurring subsequent to a Fiscal Period in which the General Partner receives a Performance Allocation do not reduce the Performance Allocation that was made in the previous Fiscal Period. If an investor withdraws from its capital account, the Unrecouped Losses of that capital account are reduced proportionately based on the amount withdrawn.

The General Partner has waived or reduced the Management Fee and Performance Allocation for certain "founder" investors, employees and certain employee's family members and may waive or reduce the Management Fee and Performance Allocation for other investors in the future.

As of December 31, 2023, Divisadero did not have any separately managed accounts or other client accounts. For such advisory clients, the Management Fee and Performance Allocation would be separately negotiated as they were with the BEMAP Fund.

OTHER FEES AND EXPENSES

The Divisadero Funds shall bear all costs and expenses of its organization and ongoing operation including all, (a) trading costs and expenses (such as, for example, brokerage commissions and charges, expenses relating to short sales, clearing and settlement charges, ticket fees, option premiums, custodial and service fees, higher commissions or charges related to third-party research consulting, outsourced trading services, and costs or expenses of portfolio and trading related software or equipment [for example, trade order management software, portfolio and risk management systems, and quotation services such as those provided by Bloomberg, Reuters or similar providers]), (b) interest and commitment fees on loans and debit balances (on margin or otherwise), (c) costs and expenses of negotiating and entering into contracts and arrangements and making investments (such as brokerage, legal, accounting, investment banking, appraisal and other professional and consulting fees and expenses arising from particular investments and potential investments) and similar expenses in terminating those contracts and arrangements and disposing of the Fund's investments, (d) research-related fees and expenses, including all costs and expenses incurred in connection with (1) visiting companies and attending research conferences (for example, airfare, hotel accommodations and meals), (2) any third-party research consulting, (3) research reports and services, and (4) research-related data, software and equipment (such as subscription fees, data feeds and publications, technical and

performance measuring data, newswire charges and on-line research fees), (e) costs and expenses associated with regulatory filings, licensing and registration fees (including the costs and expenses of any regulatory, operations or compliance consultant) of the Fund, the General Partner, the Adviser and their affiliates relating to the Fund (including filings under section 13 or section 16 of the Securities Exchange Act of 1934, as amended, and Form PF), (f) costs and expenses associated with registering the Fund's restricted securities, (g) costs and expenses incurred in attempting to protect or enhance the value of the Fund's investments (including the costs and expenses of instituting and defending lawsuits, engaging in proxy contests or tender offers or otherwise engaging in any corporate or other actions to protect or enhance the value of the Fund's investments), (h) income taxes, withholding taxes, transfer taxes and other governmental charges and duties, (i) fees and charges of custodians, clearing agencies and banks, (j) administration, bookkeeping, recordkeeping, legal, accounting, fund oversight, auditing, tax preparation and all professional, expert and consulting fees and expenses arising in connection with the Fund's activities, including (1) research and legal costs and expenses related to investigative due diligence on potential portfolio acquisitions, (2) fees and expenses of counsel for the Fund, the General Partner, or one or more of its officers or managers, (3) administrator or other service provider fees charged for providing middle and back office services (such as order management and trade reconciliation), and (4) fees, costs and expenses of accounting, bookkeeping and recordkeeping services of the Fund's administrator or any similar service provider retained by the General Partner or the Adviser to assist it in performing services for the Fund (including any valuation services), (k) fees, costs and expenses of offering and selling limited partner interests and communicating with existing and prospective limited partners (including legal and accounting fees and expenses, and governmental and self-regulatory agency filing fees such as in connection with "blue sky" filings, among others) and including fees and costs related to any placement agent or solicitation fees not paid by the General Partner, provided, however, that the Management Fee will be reduced (but not below zero) by the amount of any such fees, costs and expenses borne by the Fund, (l) costs and expenses of investing the Fund's assets indirectly, such as through a master fund or special purpose vehicle, including all of the items described in this section as they might apply to any such master fund or special purpose vehicle and its portfolio, including the Fund's proportionate share of the costs and expenses of organizing and operating any such master fund or vehicle, (m) premiums and other costs and expenses of insurance policies as the General Partner or the Adviser considers appropriate, insuring the Fund, the General Partner, the Adviser, any member of any advisory committee of the Fund, and the Affiliates of any of the foregoing against liabilities that may arise in connection with the business or management of the Fund, (n) costs and expenses of proxy voting and class action services, (o) costs, fees and expenses associated with the winding up and liquidation of the Fund, (p) contingencies for which the General Partner determines reserves are required, and (q) extraordinary expenses (such as litigation expenses).

Subject to the limitations set forth in the Divisadero Funds' governing documents, the Fund shall reimburse the General Partner or the Adviser for any of such expenses paid by it. Except as described above, the General Partner and the Adviser shall bear all of their operating, general, administrative and overhead costs and expenses, including salaries of all of their employees and rent and other overhead costs, and shall not otherwise charge the Fund for any thereof, except that these costs and expenses, together with all or any portion of the Fund's expenses, may be paid by securities brokerage firms and futures commission merchants to which the General Partner or the Adviser directs the securities trades of the Fund and any other accounts managed by the General Partner or the Adviser as further provided in the Funds' governing documents.

A portion of the commissions generated on the Funds' brokerage transactions may generate "soft dollar" credits that the General Partner and the Adviser are authorized to use to pay brokers and other providers for research and other research related services and products used by the General Partner and the Adviser. **See "Item 12: Brokerage Practices."**

If the General Partner or an affiliate incur any expenses or costs on behalf of the Divisadero Funds, such expenses or costs generally will be allocated among the Divisadero Funds in proportion to the net asset value of the Fund, the size of the investment made by each in the activity or entity to which the expense relates, or in such other manner determined by the General Partner or Adviser to be fair and reasonable. With respect to each investment, each Fund generally will share proportionately in all expenses related to such investment on the basis of capital invested in such investment (except as otherwise determined by the General Partner or Adviser in its discretion).

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED ALLOCATIONS

As noted under “**Item 5: Fees and Compensation**” above, we generally are entitled to receive performance allocations with respect to the Funds. Performance allocations could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. Our individual employees and affiliates who are compensated to some extent based upon trading profits for which they are responsible face the same potential conflict. Because the performance allocation is calculated on a basis that includes unrealized appreciation in a Fund’s portfolio based upon values assigned by us, we face a conflict of interest in valuing the Funds’ portfolio. We address these conflicts through full and fair disclosure in the Funds’ offering and/or governing documents and/or this brochure.

SIDE-BY-SIDE MANAGEMENT

We currently do not manage accounts for which we are entitled to receive performance-based fees or allocations alongside accounts for which we are not entitled to receive any performance-based fees or allocations. The potential that differences in terms of performance-based compensation could incentivize us to favor one Fund over another in their investment allocations is mitigated by the fact that the Funds generally are required to invest and trade on a parallel basis with each other subject to different guidelines.

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory, management and other services to the Funds. The Funds have various types of investors, including, but not limited to, institutional investors, family offices, natural persons, funds of funds, college endowments, private universities and other entities. We may from time to time provide investment advisory and other services to other clients in the future, including separately managed accounts and/or one or more other pooled investment vehicles.

ACCOUNT REQUIREMENTS

The minimum initial capital contribution generally required from an investor in Onshore/Master Fund and Offshore Fund is \$1,000,000, although capital contributions of lesser amounts may be accepted at our discretion.

Each investor in the Divisadero Funds generally must be, among other things, an (i) “accredited investor,” as such term is defined in Rule 501(a) Securities Act, and (ii) a “qualified purchaser,” as such term is defined in Section 2(a)(51)(A) of the Company Act. In addition, each prospective investor generally is required to complete and return various subscription documents to the applicable Fund, which are designed to provide the applicable Fund, us and our affiliates and agents with important information about the prospective investor. Subscriptions may be accepted or rejected, in whole or in part, in the sole discretion of the General Partner or Divisadero.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The Funds seek to compound and protect capital in all market environments and have limited correlation to market indices primarily by investing, long and short, in equity and equity-related securities of U.S. companies, focusing on small-cap companies. The Adviser aims to identify idiosyncratic opportunities by employing a consistent research process. The Funds are focused on asymmetric opportunities where the Adviser perceives limited risk of loss with a path to significant upside. The Funds take a catalyst centric approach on both their long/short positions, and target consistent returns with limited draw downs.

To accomplish their objectives, the Funds invest in and trades securities, long and short, consisting principally, but not solely, of equity and equity-related securities that are traded publicly in U.S. markets. The Funds also may invest in non-U.S. markets, options (including covered and uncovered puts and calls and over-the-counter options), futures (including index futures and options on futures), exchange-traded funds, preferred stocks, convertible securities, warrants, rights, swaps and other derivative instruments, bonds and other fixed income securities, private securities, non-U.S. currencies, other commodity interests and money market instruments. The Funds also engage in margin trading, hedging and other investment strategies.

At a broad level, investment catalysts and related opportunities are identified through the investment team's research as we monitor and screen the 600+ companies we know best for opportunities that align with our long and short frameworks, followed by deep-dive analysis on the opportunity where our models are compared with consensus expectations to validate significant divergence opportunities. When entering a position, we apply proprietary position-sizing tools for desired investment sizing and constantly track progress towards catalyst through ongoing research, channel checks and monitoring company data.

A significant portion of our research is from public filings (8Ks and 10Qs) and other information flows such as interviews with management, competitors and street research. In addition, we leverage information collected from reputable expert networks and alternative data providers.

Our external research expenses including management meetings, data collection, fact sets, sell side research and other research sources, etc. will be approved by the Principal and allocated to the portfolio as a whole. Certain research expenses may be paid through soft dollars and directing commissions to executing brokers.

CERTAIN RISK FACTORS

There can be no assurance that the Funds will achieve their investment objectives or that investments will be successful. The Funds' investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that an investment in the Funds will be low risk or risk free. The investment strategies and programs of the Funds are appropriate only for sophisticated persons who fully understand and will be capable of bearing the risks of investment. Prospective investors should consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with the Funds. Investors are urged to consult with their own independent financial, legal and tax advisors. The following risks are qualified in their entirety by the risks set forth in the Funds' offering documents. Investing in securities involves risk of loss that clients should be prepared to bear.

Investment Risks. The Funds invest principally in equity and equity-related securities that are traded in U.S. and non-U.S. markets. The Funds also engage in short selling, margin trading, hedging and other investment strategies. Markets for such instruments fluctuate and the market value of any particular investment may vary substantially. The Funds' investment portfolios may not generate any income or appreciate in value.

Information Sources. The Adviser selects the Funds' investments based in part on information and data that the issuers of such securities file with various government agencies or make directly available to the Adviser or that it obtains from other sources. The Adviser can never learn all relevant information about a company or security, and it is not in a position to confirm the completeness, genuineness or accuracy of the information and data that it does receive. In some cases, complete and accurate information is not readily available. The Adviser may misinterpret or incorrectly analyze information about a particular company, security or macroeconomic trend. These and other factors may cause

the Adviser to (a) invest in securities that will lead to losses in the Funds' portfolios and cause a Fund investor to lose a significant portion of its investment in the Funds or (b) not invest in particular securities that would have resulted in gains in the Funds' portfolios if the Adviser had caused the Funds to invest.

Investment Selection. Fund investors have no opportunity to select or evaluate any Fund investments or strategies. The Adviser selects all investments and strategies. The likelihood that Fund investors will realize income or gain depends on the skill and expertise of the Principal, and on the investment processes and risk management strategies the Adviser implements. These may be unsuccessful, and the Funds may incur significant losses.

Investing in Small and Middle Market Capitalization Companies. The Funds expect to focus on companies that have small and to a lesser degree, middle market capitalizations. Investments in such companies typically involve a high degree of business and financial risk and can result in substantial losses due to special risk factors. For example, such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. In light of these characteristics, the Funds may be subject to a greater degree of investment risk than other investment entities that invest in companies with larger capitalizations.

Concentration of Investments. The Funds (on account of size, investment strategy and other considerations) expect to invest in a relatively limited number of investments, so aggregate returns realized by them may be substantially affected by the unfavorable performance of a small number of such investments and the Funds' ability to hedge exposure and to sell depreciating assets may be reduced. If the Funds' investments are concentrated in a particular industry, security, issuer or country, their portfolios will be more susceptible to fluctuations in value and losses resulting from adverse economic conditions affecting that particular industry, security or country.

Activist Strategy. The Funds' investment strategy may involve shareholder activism that will attempt to influence portfolio companies. There is a risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Funds' purchase of the securities and the anticipated results. If the anticipated results do not in fact occur, the Funds may be required to sell their investments at a loss. Moreover, there may be instances where the Funds will be restricted in transacting in or redeeming a particular investment as a result of the size of their investments or their activist investment strategy. The Funds may also attempt to build strong relationships with company management. In certain cases, the Funds' attempts to influence a company's management may result in the Funds, the General Partner, the Adviser or their affiliates taking a seat on the company's Board of Directors. In such a case, there exists the risk that the Funds will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the Funds may invest, there exists a potential risk of loss by the Funds of their entire investment in such companies.

General Risks of Fixed-Income Related Investments. The Funds may invest in fixed-income securities. Most of these investments are subject to, among other risks:

- *Interest Rate Risk.* Fixed-income investments decline in value because of changes in market interest rates. When interest rates decline, the value of a portfolio invested in fixed-income securities can be expected to rise. Conversely, when interest rates rise, the value of a portfolio invested in fixed-income securities can be expected to decline. During periods of rising interest rates, the average life of certain types of securities in which the Funds may invest may be extended because borrowers choose not to repay principal on the loans to take advantage of a below market interest rate. This increases the security's duration (the estimated period until the security is paid in full) and reduces the value of the security. This is known as extension risk. During periods of declining interest rates, an issuer of fixed-income securities may exercise its option to prepay principal earlier than scheduled, forcing the Funds to reinvest in lower yielding securities. This is known as call or prepayment risk. Lower-grade securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem a lower-grade obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the issuer's credit standing.

- *Inflation/Deflation Risk.* Inflation risk is the risk that the value of assets or income from the Funds' investments will be worth less in the future as inflation decreases the present value of payments at future dates. Deflation risk is the risk that prices throughout the economy decline over time — the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the Funds' portfolios.

Convergence Risk. The Funds may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying the Funds' trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, the Funds may incur a loss.

Competition. Numerous risk-capital investors, which may be larger and more experienced than the Funds and the Adviser, will be competing with the Funds for desirable investment opportunities. Because of this competition, the Funds may not be able to participate in attractive investments that would otherwise be available.

Hedging. The Funds have and may use hedging strategies from time to time to attempt to control risk. Hedging strategies may not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged. The Funds may not be able to hedge a particular position, which can result in undesired exposure to that position and may lead to liquidation of that position when it is disadvantageous to the Funds. The Adviser is not obligated to hedge the Funds' portfolio positions and it frequently may not do so.

Short Sales. The Funds' investment portfolios do and may include short positions. A short sale results in a gain if the price of the securities sold short declines between the date of the short sale and the date on which securities are purchased to replace those borrowed. A short sale results in a loss if the price of the securities sold short increases. Any gain is decreased, and any loss is increased, by the amount of any payment, dividend or interest that the Funds must pay for the borrowed securities, offset (wholly or partly) by short interest credits. In a generally rising market, the Funds' short positions may be more likely to result in losses because securities sold short may be more likely to increase in value. A short sale involves a finite opportunity for appreciation, but a theoretically unlimited risk of loss.

To make a short sale, the Funds must borrow the securities being sold short. It may be impossible to borrow securities at the most desirable time to make a short sale, particularly in illiquid markets. In addition, special rules, which differ from jurisdiction to jurisdiction and can change from time to time, apply to short sales. These rules may impede the Funds from pursuing its investment objectives. For example, temporary or permanent government orders may from time to time prevent the Funds from executing short sales at the most desirable time. If the prices of securities sold short increase, the Funds may have to provide additional collateral to maintain the short positions. This could require the Funds to sell other investments to provide additional collateral. Such sales might not be at favorable prices. Further, the lender can request the return of the borrowed securities and the Funds may not be able to borrow those securities from other lenders. This would cause a "buy-in" of the short position, which may be disadvantageous to the Funds and could result in significant losses. Some market participants seek to exploit short-sellers such as the Funds by identifying and buying large quantities of securities that are significantly shorted in an attempt to benefit from the price increase that the participants expect when short sellers buy the securities to cover their short positions. If these so-called "short squeezes" are executed successfully, the Funds may have to cover its short position at a disadvantageous time regardless of the Adviser's view of the true value of the securities, thereby causing significant losses. There are other inherent difficulties and challenges in short selling. The general negative perceptions about short-sellers may limit the Adviser's access to management of various issuers and hamper its research efforts. Management and other stakeholders of issuers may take legal action against short-sellers to prevent or discourage short sales of the issuer's securities to avoid depressing the value of its securities. The General Partner, the Adviser and the Funds could be subject to such private legal actions. The cost of and management time committed to defending any such action could be substantial.

Limited Liquidity of Investments. The Funds may invest in thinly traded and relatively illiquid securities or securities that may cease to be traded after the Funds invest. The Funds also may take positions in some securities that are relatively large as compared to trading volumes or overall market capitalization. In such cases and in the event of extreme market activity, the Funds may not be able to sell their investments promptly if necessary or it may need to sell them at far less than the Adviser believes they are worth. In addition, the Funds' sales of thinly traded securities

are likely to depress their market value and thereby reduce the Funds' profitability or increase its losses. Such circumstances or events could affect the Funds' gain or loss materially and adversely. The Funds may invest in private investments in public equity ("PIPE") financings. In a PIPE transaction, the Funds typically purchase unregistered equity securities of a class of securities that is publicly traded and receives registration rights with respect to the unregistered securities that it purchases. The securities are not publicly tradable when the Funds purchase them, however, and they may never become publicly tradable. Moreover, the registration rights that the Funds receive in a PIPE financing typically have limitations on the times when the Funds may exercise the rights and the amounts of securities that the Funds may elect to have registered at any one time. Registration also imposes significant costs and other burdens on the issuer of the securities that, at the time of the exercise, the issuer may not be able to bear. As a result, the Funds cannot assure investors that the securities that they acquire in PIPE financings will become publicly tradable. The Funds also may invest in restricted securities that are subject to substantial holding periods or that are not traded in public markets. Restricted securities generally are difficult or impossible to sell at prices comparable to the market prices of similar securities that are publicly traded. Moreover, these investments are inherently difficult to value. Any miscalculation could adversely affect one or more Fund investors. Such restricted securities may not be eligible to be traded on a public market even if a public market for securities of the same class were to exist or develop. It is highly speculative as to whether and when an issuer will be able to register its securities so that they become eligible for trading in public market.

General Risks of Leverage. The Funds expect to use leverage, including by borrowing on margin, entering into swaps, and using other derivative contracts and leveraging strategies. Such leverage increases profit potential, but at the same time increases risk of loss and volatility. In the stock market, "margin" refers to buying stock on credit. Margin customers are required to keep cash and securities on deposit with their brokers as collateral for their borrowings. As a result, a relatively small price movement in a security may result in immediate and substantial losses to an investor. For example, if at the time of purchase 50% of the price of a security is borrowed on margin, a 20% decrease in the price of the security would, if the security is then sold, result in a 40% loss of the cash invested before any deduction for brokerage commissions or margin interest costs. Thus any purchase of securities using leverage increases the risk and volatility of the Funds' portfolios and may result in losses that greatly exceed the amount invested. In addition, margin trading requires the Funds to pledge their securities as collateral. Margin calls or changes in margin requirements can require the Funds to pledge additional collateral or liquidate their holdings, which can force the Funds to sell securities at substantial losses that they otherwise would not incur. Trading on margin also results in interest charges, which can be substantial. To the extent the Funds use financial derivatives, they have risk and return characteristics similar to a leveraged position in the underlying securities, as well as other risks. By trading one or more financial derivatives, the Funds may trade with the economic equivalent of a substantially leveraged position in the underlying securities portfolio, in comparison to their actual assets.

General Risks of Non-U.S. Investments. The Funds may invest in securities of non-U.S. companies, which involve unusual risks not typically associated with investing in U.S. companies. These risks include, but are not limited to, less public information available regarding issuers, limited liquidity of securities and political risks associated with the countries in which such securities are traded and the countries where the issuers are located. Currency exchange control regulations or changes in the exchange rate between other currencies and the U.S. dollar may affect the Funds unfavorably. Individual non-U.S. economies may differ unfavorably from the U.S. economy in gross national product growth, inflation, savings and capital reinvestment rates, resource self-sufficiency and balance of payments positions, and in other respects. The value and marketability of the Funds' investments in some countries may be materially and adversely affected by expropriation or confiscatory taxation, limitations on removing funds or other assets, political or social instability, or diplomatic developments.

Futures, Options and Other Derivatives. The Funds use both exchange-traded and over-the-counter derivatives, including futures, other commodity interests, swaps, options and contracts for differences. These instruments can be highly volatile and expose the Funds 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, depending on the type of instrument, a relatively small change in the price of the contract may result in a profit or a loss that is high in proportion to the Funds' funds actually placed as initial collateral and may result in unquantifiable further loss exceeding any collateral deposited. These changes are extremely difficult to predict.

In addition, if the Funds purchase options that they do not sell or exercise, they will lose the premium paid in such purchase. If the Funds sell call options and must deliver the underlying securities at the option strike price, they theoretically have an unlimited risk of loss if the price of such underlying securities increases. If the Funds sell put

options and must buy the underlying securities, they risk losing the difference between the market price of the underlying securities and the option strike price. Further, if they sell meaningfully out-of-the-money put or call contracts, the Funds may incur substantial losses if these contracts unexpectedly progress into-the-money. Any gain or loss from selling or exercising an option is reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase, exercise or sale of an option. The Funds may also sell covered and uncovered options on securities. If such options are uncovered, the Funds could incur an unlimited loss. Daily limits on price fluctuations and speculative position limits on exchanges may prevent the Funds from promptly liquidating positions resulting in potentially greater losses. Transactions in over-the-counter contracts may involve additional risk because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in the Funds' net asset value, incorrect collateral calls or delays in collateral recovery. Special risks are associated with using derivatives. Deciding whether, when and how to use derivatives involves different skills and judgment than those needed to select portfolio securities generally. Even a well-conceived transaction may be unsuccessful because of market behavior, currency fluctuations or interest rate trends. If the Adviser incorrectly forecasts market values or other relevant factors, the Funds may be in a worse position than if they had not engaged in derivatives transactions. When derivatives are used for hedging, there may be no correlation between price movements in the derivative and in the portfolio securities being hedged. A lack of correlation could result in a loss on both the hedged securities and the hedging vehicle, so that the Funds' return might have been better had it not attempted to hedge. Derivative instruments can be difficult to value accurately. Any misvaluation could adversely affect one or more Fund investors.

Other Securities-Linked Instruments. The Funds may use derivative instruments, such as swaps, contracts for difference, participation notes, equity swaps, and zero strike calls and warrants, to gain economic exposure (whether long or short) to a particular underlying security that the Funds cannot or do not want to own directly. Many of these derivative instruments are structured as contracts between the Funds and a counterparty. In a typical contract, the Funds transfer assets to the counterparty or its custodian to serve as the initial collateral for a change in value of the underlying security. Thereafter, the Funds and the counterparty transfer collateral to each other based on changes in the value of the underlying security. The Funds may not have control of when any such derivative transaction will be terminated. A counterparty may have the right to terminate a derivative transaction on limited or no notice at its discretion or when certain events occur (whether or not those events are within the Adviser's control), including reductions in the Funds' net asset value, "key person" events and defaults by the Funds, the Adviser or their affiliates under other agreements. The counterparty may have the right to recoup its losses due to such termination. Any such termination may occur when it is disadvantageous to the Funds and may adversely affect the Funds' investors.

There may not be an exchange on which to close an open swap position or other derivative transaction. The Funds could experience losses and delays in closing a derivative transaction, due to, among other things: (a) a counterparty's default on, or inability or refusal to perform, its obligations with respect to a transaction, including refusing to pay amounts that otherwise would be due to the Fund; (b) a decline in the value of collateral that the Funds hold while they seek to enforce its rights with respect to such collateral; (c) expenses of enforcing the Funds' rights under the agreements governing the derivative transaction; and (d) the loss of collateral that the Funds have posted with the counterparty in the event of the counterparty's bankruptcy or insolvency. The Funds likely will be treated as unsecured creditors with respect to such collateral. Any of these events could subject the Funds and their investors to substantial losses.

Non-Public Information. The Adviser (through its representatives or otherwise) may receive information that restricts the Funds' ability to buy or sell securities of a company for substantial periods when the Funds otherwise could realize a profit or avoid a loss. This may adversely affect the Funds' flexibility in buying or selling securities.

Forward Trading. Forward contracts and options thereon are not traded on exchanges and are not standardized. Instead, banks and dealers act as principals in these markets, negotiating each transaction individually. Forward and "cash" trading is substantially unregulated; there are no limits on position sizes or daily price movements. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they would buy and that at which they would sell. Disruptions can occur in any market in which the Funds trade due to unusually high trading volume,

political intervention or other factors. Government controls might also limit the Funds' desired level of forward trading. Any such market illiquidity or disruption could adversely affect the Funds.

Stock Index Futures. Using stock index futures involves several risks. Price movement in the stock index and price movements in the securities that are the subject of the hedge do not always correlate. Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and there is no secondary market for those contracts. In addition, there may be no active market for the contracts at any particular time. Some exchanges do not permit trading in particular contracts at prices that fluctuate more than a set limit in any day. If prices fluctuate during a single day beyond those limits, the Funds may not be able to liquidate unfavorable positions promptly and may lose money.

Securities Lending and Borrowing. The Funds may lend securities to brokers, futures commission merchants (*FCMs*) and other institutions to earn additional income, or borrow securities from brokers, FCMs or other institutions to enable short sales. These loans typically are fully collateralized daily, but the value of the collateral may fall below the value of the loaned securities, or the Adviser may misjudge the other party's creditworthiness. If the other party becomes insolvent or bankrupt, the Funds could incur losses if the collateral is insufficient or experience delays and incur costs in liquidating the collateral or recovering payment or the securities. If, in the meantime, the value of the securities changes, the Funds could incur further losses.

Repurchase Agreements. The Funds may enter into repurchase agreements, by which they buy a security and simultaneously agree to sell it back later at a predetermined price, or in reverse repurchase agreements, by which the Funds sell a security and simultaneously agree to buy it back later at a predetermined price. The repurchase date is usually within seven days after initiating the agreement. If the other party to a repurchase or reverse repurchase agreement becomes insolvent or bankrupt, the Funds may incur losses if the collateral is insufficient or experience delays and incur costs in selling the collateral or recovering payment or the securities. If the value of the securities changes in the meantime, the Funds could experience further losses. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, credit availability, inflation rates, industry conditions, government regulation, competition, technological developments, public health issues, political and diplomatic events and trends, tax and other laws and innumerable other factors, can affect the Funds' investments and prospects materially and adversely. None of these conditions is within the Adviser's control, and it may not anticipate these developments. These factors may affect the volatility of securities prices and the liquidity of the Funds' investments. Unexpected volatility or illiquidity could impair the Funds' profitability or result in losses. Global equity markets have periodically experienced sharp declines and high volatility. For example, in response to the COVID-19 coronavirus pandemic global equity markets have fluctuated rapidly. Credit markets have fluctuated significantly, and the stability of several major companies has been affected by these economic conditions. As a result, securities markets have at times been extremely volatile and many investment funds have incurred significant losses. The U.S. federal government, Federal Reserve, U.S. Treasury and other government and regulatory bodies (federal, state and local) have implemented a variety of programs to respond to these economic conditions and may take additional actions in the future. These current and future programs could lead to inflation or other adverse consequences that could have a material adverse effect on the issuers of securities and equities markets generally. Further, the Adviser may need to modify the Funds' investment strategy in the future to satisfy new regulatory requirements or to compete in a changed business environment. For example, the U.S. government has indicated its willingness to implement additional measures as it may see fit to address changes in market conditions, and further Congressional responses may result in additional comprehensive overhauls of the regulatory infrastructure governing the financial system. These future government measures may have negative consequences for the Funds and may diminish future opportunities available to them in unpredictable ways. Given the volatile nature of the market environment, the Adviser may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments, in the current or future market environment.

Epidemics, Pandemics, and Public Health Issues. The Adviser's business activities, as well as the clients and their operations and investments, could be adversely affected by the outbreaks of epidemics and pandemics, such as Coronavirus, Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or others. Specifically, Coronavirus, or COVID-19, negatively affected the global economy and the stock market in recent years. The COVID-19 outbreak and future pandemics, could cause volatility in the U.S. and global financial markets; negatively affect vendors on which the Funds and the Adviser rely; and could disrupt the ability of such vendors to

perform essential tasks. An outbreak or recurrence of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally, which would adversely affect the Adviser's business, financial condition and operations and that of the Funds.

Risk of Default by Counterparties, Brokers, FCMs and Exchanges. The Funds are exposed to the credit risk of the counterparties with which, or the brokers, dealers, FCMs and exchanges through which, it deals, whether it engages in exchange-traded or off-exchange transactions. The Funds may lose assets on deposit with a broker or FCM in the event of the broker's or FCM's bankruptcy, the bankruptcy of any clearing broker or FCM through which the broker or FCM executes and clears transactions on behalf of the Funds, or the bankruptcy of an exchange clearing house. The Funds effects transaction in "over-the-counter" or "interdealer" markets. Participants in these markets typically are not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. If the Funds invest in over-the-counter transactions in these markets, it may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized 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 these protections, which in turn may subject the Funds to the risk that a counterparty will not settle in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The Funds' ability to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the Funds' potential for losses.

Financial Institution Risk; Distress Events. An investment in the Funds is subject to the risk that banks, brokers, hedging counterparties, lenders or other custodians (each, a "Financial Institution") of some or all of the Funds' assets fail to timely perform their obligations or experience insolvency, closure, receivership or other financial distress or difficulty (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Funds and/or the Adviser may not be able to access deposits, borrowing facilities or other services, either permanently or for an extended period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties during Distress Events, there can be no assurance that such intervention will occur in a future Distress Event or that any such intervention undertaken will be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the Adviser's ability to manage the Funds and their investments and on the Adviser's ability to maintain operations, which in each case could result in significant losses. Such losses have the potential to include a loss of funds and the inability of Funds to acquire or dispose of investments or acquire or dispose of such investments at prices that the Adviser believes reflect the fair value of such investments. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Funds will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). Although the Adviser expects to exercise contractual remedies under agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. The Funds are subject to similar risks if a Financial Institution utilized by investors in the Funds or by suppliers, vendors, service providers or other counterparties of the Funds becomes subject to a Distress Event, which could have a material adverse effect on the Funds.

A Financial Institution may require, as a condition to using its services (including lending services), that the Funds and/or the Adviser maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institution. Although the Adviser seeks to do business with Financial Institutions that it believes are creditworthy and capable of

fulfilling their obligations to the Funds, the Adviser is under no obligation to use a minimum number of Financial Institutions with respect to any Fund or to maintain account balances at or below the relevant insured amounts.

Risk of Asset Growth. If the assets that the Adviser and its Affiliates manage grow significantly, it may adversely affect the Funds' investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that the Adviser must invest increases. In this event, the Adviser may find it necessary to invest in a greater number of companies than it currently intends, which could dilute its focus on individual companies, impair its ability to monitor existing and potential investments, and result in investments that it otherwise would not select. In addition, with greater assets to invest, it becomes increasingly difficult for the Funds to make investments large enough to be meaningful to their overall portfolios.

Complexity. The Adviser's systems and operations are dynamic and complex. Certain of its operations interface with and depend on data and other systems operated by third parties, including prime brokers, administrators, market counterparties and their sub-custodians and other service providers, and the Adviser may not be able to quantify the risks or verify the reliability of such third-party systems. Certain operational risks may be intrinsic to the Adviser's operations and may impact its financial, accounting or data processing or other systems. Periods of market dislocation or abrupt regulatory change may exacerbate operational risk. The failure of one or more systems or operations or the inability of those systems or operations to meet the Funds' evolving demands could have a material adverse effect on the Funds.

Reliance on Technology. The Funds, the General Partner, the Adviser and their service providers (including accountants, custodians, transfer agents and administrators) rely heavily on internal and third-party computer hardware and software, online services, data feeds, trading platforms, and other technology to conduct the Funds' investment and trading activities, and trade settlement, operations and accounting processes. Disruptions to these systems or resources may make it difficult or impossible to implement the Funds' investment strategy and could materially and adversely affect the Funds. Examples of such circumstances include natural disasters, terrorism, cybersecurity attacks, public service or utility disruptions such as those caused by fires, floods, earthquakes, market trading halts, systems failures and other extraordinary events.

Electronic Trading. The Adviser or its outsourced trading brokers frequently place the Funds' trades electronically. If an electronic trading system or component fails, it may not be possible to enter new orders, execute existing orders or modify or cancel orders, and order priority may be lost. Any such event may cause material losses for the Funds.

Cybersecurity. Although the General Partner, the Adviser and their Affiliates employ various computer security measures, they may not be successful in fending off cybersecurity attacks from viruses, malware, computer hackers or other malicious corruption of their information technology systems. Cybersecurity breaches of the systems of the General Partner, the Adviser, their Affiliates or their service providers (including accountants, custodians, transfer agents and administrators) may cause disruptions to business operations, cause losses due to theft or other reasons, interfere with the Funds' value calculations, impede trading, or lead to violations of applicable privacy and other laws, regulatory fines and penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. The General Partner, the Adviser and the Funds cannot control the cybersecurity plans and systems put in place by their service providers and the issuers in which the Funds invest. System breaches can and do occur. Any cybersecurity breach could materially and adversely affect the Funds.

Trade Errors by the Adviser. The Adviser places orders for the purchase and sale of securities with brokers and FCMs on behalf of the Funds. The trading process is complex and can vary for different types of securities. Moreover, the Adviser may break up orders, or may buy or sell the same security for more than one client, further complicating the trading process. The Adviser might make trading errors. The Funds are responsible for any such trade errors, whether the error benefits or hurts the Funds. The Adviser and its Affiliates generally will not bear the cost of any trade error or reimburse the Funds for resulting costs or losses unless it results from the Adviser's or its affiliate's material violation of the investment adviser's agreement, gross negligence, willful misconduct or actual fraud.

Reliance on Key Person. The Funds will be substantially dependent on the services of the Principal. In the event of the death, disability, departure or insolvency of the Principal, or the complete transfer of the Principal's interest in the Adviser, the business of the Funds may be adversely affected. The Principal will devote such time and effort as he deems necessary for the management and administration of the Funds' business. However, the Principal may engage

in various other business activities in addition to managing the Funds, and consequently may not devote all time to Fund business.

Currency Risk. The Funds may invest its capital in securities that are custodied in different countries, the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds value their securities in U.S. dollars and therefore may be affected by fluctuations in currency values.

Concentration of Holdings. Although the Adviser has adopted informal guidelines on diversification, those guidelines are subject to change by the Adviser, and there are no limits on the Adviser's investment discretion that require diversification by issuer, industry or market or that impose position size limitations. At any given time, it is therefore possible that the Adviser may select positions that are concentrated in a particular market or industry, or in a limited number or type of securities. Limited diversity could expose the Funds to losses disproportionate to general market movements if there are disproportionately greater adverse price movements in those positions.

Diversification. Since the Funds' portfolios will not necessarily be widely diversified, the investment portfolios of the Funds may be subject to more rapid changes in value than would be the case if the Funds were required to maintain a wide diversification among companies, securities and types of securities.

Valuations. From time to time, certain situations affecting the valuation of the Funds' investments (such as limited liquidity, unavailability or unreliability of third-party pricing information and acts or omissions of service providers to the Funds) could have an impact on the net asset value of the Funds, particularly if prior judgments as to the appropriate valuation of an investment should later prove to be incorrect after a net asset value-related calculation or transaction is completed. The Funds are not required to make retroactive adjustments to prior subscription or withdrawal transactions or Management Fees or Performance Allocations based on subsequent valuation data.

Force Majeure & Catastrophic Risks. The Adviser, General Partner and the Funds may be subject to operational risk from unforeseeable and uncontrollable catastrophic events, including fires, floods, earthquakes, adverse weather conditions and related power outages, water shortages or other damage caused by such events, changes in law, eminent domain, wars, riots, terrorist attacks, and other similar risks, which may be uninsurable or insurable at rates that the Adviser deems uneconomic. These events could result in loss and litigation, among other potentially detrimental effects. In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate. This conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact the Funds' business, financial condition and results of operations.

THE PRECEDING DISCLOSURE REGARDING RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE DESCRIPTION OR EXPLANATION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE FUNDS. SUBSTANTIAL ADDITIONAL RISKS MAY BE PRESENT IN CONNECTION WITH AN INVESTMENT IN THE FUNDS. AN INVESTMENT IN THE FUNDS COULD RESULT IN A COMPLETE AND TOTAL LOSS.

Item 9: Disciplinary Information

There are no legal or disciplinary events to report regarding us or any of our directors, executive officers, or principals regarding any criminal or civil actions in a domestic, foreign, or military court.

Neither us nor any of our directors, executive officers, or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither us nor any of our directors, executive officers, or principals has been involved in any self-regulatory organization proceedings.

Item 10: Other Financial Industry Activities and Affiliations

OTHER ACTIVITIES AND AFFILIATIONS

Divisadero will devote such time to the Funds' affairs as is consistent with achieving the Funds' investment objectives. However, except as otherwise provided in the Funds' operating and/or governing documents, Divisadero and any of our affiliates may engage in any activity permitted by applicable law.

AFFILIATED GENERAL PARTNER

As noted in Item 4, Divisadero Street Partners GP, LLC, a Delaware limited liability company, serves as the general partner of the Offshore Fund and Onshore/Master Fund.

OTHER REGISTRATIONS

Neither Divisadero, the General Partner nor any of their management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of the foregoing entities.

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

CODE OF ETHICS

Pursuant to SEC Rule 204A-1, we have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to emphasize our fiduciary duties to clients, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by employees. Among other things, we impose restrictions on employees and the Principal relating to the purchase or sale of securities for accounts with respect to which they have beneficial ownership and the accounts of certain affiliated persons. Such individuals are required to disclose, and in certain instances seek pre-approval for, their personal securities transactions and personal securities holdings including any single-named equity and/or any corresponding equity option. We strictly prohibit “front running.” We also maintain policies and procedures designed to prevent employees and the Principal from misusing material non-public information and to address certain actual and potential conflicts of interest that may arise when supervised persons engage in outside business activities; make political contributions; or accept, provide, offer or give gifts or entertainment events. We will devote such time to the Funds’ affairs as is consistent with achieving the Funds’ investment objectives. However, except as otherwise provided in the Funds’ offering and/or governing documents, we and any of our affiliates may engage in any activity permitted by applicable law. A copy of our code of ethics is available to current and prospective clients and investors upon request.

TRANSACTIONS INVOLVING CONFLICTS OF INTEREST

We may cause the Funds to enter into transactions and arrangements involving actual or potential conflicts of interest. We will review any transactions involving material conflicts of interest and take such actions as we deem necessary or appropriate in an attempt to ensure that the terms of such transactions are fair and reasonable under the circumstances.

Divisadero employees may on occasion accept gifts or invitations to entertainment but must always act in the best interest of Divisadero, the Funds and its clients and avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the firm’s business relationships. Divisadero’s gift and entertainment policy implements internal controls to monitor such activity, which include reporting or seeking pre-approval before giving or accepting gifts and entertainment of significant value and prohibiting or limiting the provision or receipt of cash gifts or entertainment to government employees, foreign officials and certain other categories of recipients.

Divisadero employees may from time-to-time make political or charitable contributions. Employees are required to seek approval for and report political contributions made to any political official, candidate for political office, political party or political action committee. Political contributions, while requiring pre-approval, are generally permitted except where such contributions may raise issues under the pay-to-play rule.

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Funds. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

The Adviser generally allocates portfolio transactions for the Funds to brokers and FCMs based on best execution and in consideration of certain services that benefit the General Partner, the Adviser, their affiliates and the Funds that are paid for or provided by those brokers and FCMs. These services may include, among other things, third-party research reports, services and conferences (including third party research fees), outsourced trading expertise and services of brokers that provide trading desks to their customers, economic and market information, portfolio strategy advice, industry and company comments, technical data, performance measuring data and software (including risk and quantitative models), on-line pricing, special execution capabilities, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, willingness to commit capital, knowledge of market participants, order of call, offering to the General Partner and/or the Adviser on-line access to computerized data regarding clients' accounts, computerized trading systems, clearance, settlement, reputation, financial strength and stability, confidentiality, efficiency of execution and error resolution, quotation services, custody, recordkeeping and similar services, general business or operational consulting, and other matters involved in the receipt of brokerage services generally. The General Partner and/or the Adviser also may purchase from a broker or FCM or allow a broker or FCM to pay for all or a portion of the Funds' or the General Partner's, the Adviser's or their affiliates' costs and expenses of operation, such as supplies, newswire and data processing charges, proxy voting services, quotation services, all accounting and administrative fees (including the expenses of the accounting and bookkeeping services of the Funds' administrator or any similar third party vendors that provide such services), legal fees and the like. Accordingly, the Funds may be deemed to be paying for research and these other services with "soft" or commission dollars.

The Adviser may cause the Funds to pay a brokerage commission and other transaction fees that exceed those that another broker or FCM might charge for effecting the same transaction in recognition of the value of the brokerage, research, other services and soft dollar relationships provided by that broker or FCM. The Adviser also may direct Funds brokerage transactions to brokers and FCMs that refer prospective investors to the Funds.

SOFT DOLLAR PRACTICES

Divisadero uses soft dollars generated by the Fund to pay for certain research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by Divisadero, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of Divisadero. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between the Fund and us. Broker-dealers may provide research that may include written or oral proprietary research. Broker-dealers may also provide research products that include software and related support services for use in research and trading, quotation boards, computer databases and quotation equipment, in each case to access research or which provide research directly. Research services may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, attendance at conferences and meetings, electronic market quotations, performance measurement services, analyses and/or due diligence concerning specific securities, companies or sectors, including due diligence on specific aspects of a company's operations or finances, analyses on issues raised in proxy statements and market, economic and financial studies and forecasts. Research services may be in written or oral form or online and may be produced by broker-dealers or third parties such as attorneys, accountants or consultants. Brokerage products and services may include certain order management system components and order routing.

Broker-dealers may provide products and services paid for through soft dollars either directly or through credits deposited into an account that may be used for research developed by the broker-dealer, third-party research and

brokerage services. Section 28(e) of the Exchange Act provides a safe harbor from liability for breach of fiduciary duties relating to the purchase of limited research or brokerage services using soft dollars so long as the products and services received constitute lawful and appropriate assistance and the amount indirectly paid for those products or services is reasonable. Conduct outside of the safe harbor of section 28(e) is subject to traditional standards of fiduciary duty under state and federal law. If the Adviser uses commission dollars to pay for products or services that provide administrative or other non-research assistance to the General Partner, the Adviser or their affiliates, such payments may not fall within the safe harbor of section 28(e).

Research and brokerage products and services may be used by the Adviser in servicing some or all of the Adviser's clients. In addition, some research and brokerage may not be used by the Adviser in servicing the clients whose commission dollars provided for the research or brokerage. Clients may not, in any particular instance, be the direct or indirect beneficiaries of the research or brokerage provided. Certain clients, who are the beneficiaries of research or brokerage, may have an investment style which results in the generation of a small amount of brokerage commissions due to a lack of active trading for their accounts. As a result, clients who generate sizeable commissions subsidize research or brokerage provided to clients whose accounts generate minimal brokerage commissions since the commission dollars generated by transactions for such clients are not sufficient to pay for research or brokerage that may be received by such clients from other brokers.

In selecting broker-dealers on the basis of the foregoing factors, the Adviser may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. In such circumstances, the Adviser will make a good faith determination that the amount of commission is reasonable in relation to the value of the research or brokerage services received, viewed in terms of either the specific transaction or the Adviser's overall responsibility to its clients. The Adviser will regularly evaluate the placement of brokerage services and the reasonableness of commissions paid. Research received from brokers will be supplemental to Adviser's own research efforts. While the receipt of research will not reduce the Adviser's normal research activities, the Adviser's expenses could increase materially if it attempted to generate such additional research or brokerage services through its own staff, and the Management Fee will not be reduced as a consequence of the receipt of such research or brokerage services or products. As such, the Adviser's arrangements for the receipt of research and brokerage services from brokers creates a conflict of interest, in that the Adviser may have an incentive to choose a broker-dealer that provides research and brokerage services instead of one that does not but charges a lower commission rate. In some instances, the Adviser receives products and services that may be used for both research and non-research purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the products and services used to assist the Adviser in carrying out its investment decision-making responsibilities or order execution, including research and brokerage, and the relative proportion used for administrative or other non-research purposes. The proportionate amount of the research attributable to assisting the Adviser in carrying out its investment decision-making responsibilities or order execution will be paid through brokerage commissions generated by the Funds' and other client's transactions; the proportionate amount attributable to administrative or other non-research purposes will be paid for by the Adviser from its own resources. The receipt of "mixed use" research and the determination of the appropriate allocation may result in a potential conflict of interest between the Adviser and its clients.

The Adviser may select a broker (including the Funds' prime brokers) to act as a "trading broker" for the Funds. In such cases, the Adviser or the trading broker may select the executing broker, and the trading broker would then place or manage the order. The trading broker is compensated (through commissions or otherwise) for this trading service in addition to the commissions paid to the executing brokers. As with all soft dollar arrangements, using a trading broker in this manner causes the Funds to pay brokerage commissions, mark ups and other transactions fees that are higher than might otherwise be paid if brokers were selected solely based on lowest execution cost. In addition, using a trading broker (rather than an employee of the General Partner or of the Adviser) to provide those services may allow both the General Partner and the Adviser to reduce their own personnel expenses.

The General Partner and/or the Adviser receives other services from prime brokers. These services may include technology services (such as internet access, IT support, Bloomberg connections, wireless networking, email archiving and disaster recovery systems), capital introduction services, portfolio reporting and access to electronic communications networks. The arrangement may be deemed to be a soft dollar arrangement. The General Partner and the Adviser expects to use a substantial portion of these services for research and trading on behalf of the Funds, but some may be used for administrative purposes, which would not be within the safe harbor of section 28(e). Although many prime brokers and custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if the General Partner and the Adviser did not receive these services from those firms, they would be required to pay for all or some portion of them. The Adviser expects to direct most of the Funds' securities transactions to prime brokers and their respective affiliates but is not required to direct a particular number

of trades to them or to continue to use such firms as the Funds' prime broker and custodian, but it has an incentive to do so based on their prior and continued services. The Funds, the General Partner and the Adviser reserve the right, in their sole discretion, to change the brokerage and custodial arrangements described above without further notice to limited partners.

During the last fiscal year, the Adviser acquired research from brokers used to execute Fund transactions and received other services from brokers related to the execution, clearing and settlement of securities transactions and functions related thereto; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

BROKERAGE FOR CLIENT REFERRALS

From time to time, our third-party brokers may provide opportunities for us to be introduced to potential investors. Our prime brokers or their affiliates may provide capital introduction or other placement services to the Funds and Divisadero (with or without separate charges for such other services). The Adviser may select broker-dealers that provide capital introduction opportunities provided the Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

DIRECTED BROKERAGE

We do not recommend, request, or require clients to direct us to execute transactions through a specified broker-dealer. We also do not permit clients to direct brokerage for order execution purposes.

ORDER AGGREGATION AND ALLOCATION OF INVESTMENT OPPORTUNITIES

When appropriate, the Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Funds participating in aggregated trades will be allocated securities based on the average price achieved for such trades. Divisadero generally seeks to execute orders for the Funds on an equitable basis. Divisadero may place combined orders for the Funds simultaneously and if all such orders are not filled at the same price, it generally averages the prices paid. Similarly, if an order on behalf of the Funds cannot be fully executed under prevailing market conditions, Divisadero allocates the trade among the Funds on a basis that it considers equitable subject to different guidelines.

Each Fund will, subject to applicable legal, tax, accounting, regulatory, leverage, investments guidelines or other considerations, (i) generally invest proportionately on the basis of net asset value in all investments on the same terms and conditions as the other Fund, and (ii) sell or otherwise dispose of any portion of an investment only on effectively the same terms and conditions in all material respects as the other Fund's sale or disposition of such investment.

TRADE ERRORS

We have adopted policies and procedures regarding handling and resolution of trade errors in our compliance manual. Consistent with our fiduciary duties, our policy is to use the utmost care in making and implementing investment decisions with respect to client accounts. To the extent trading errors occur, we seek to ensure that our clients' best interests are served. Consistent with provisions in the Funds' governing documents, the Funds generally will be responsible for trade errors (except for errors caused by the bad faith, willful misconduct, or gross negligence of Divisadero, any of our employees, or any of our affiliates).

OTHER SERVICES AND BENEFITS IN CONNECTION WITH TRADE EXECUTION

We utilize and may in the future utilize software, order routing platforms and other trading platforms such as NYFIX facilitated by broker-dealers including prime brokers. We pay separate fees for such software and systems and receive credits from such platforms that can be used to offset costs of other products and services. We do not receive any financial benefit, other than the aforementioned cost savings and credits, from any software provider or platform or as a result of the use of any software or platform.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

We invest the Funds' capital in securities and other financial instruments. We continually conduct reviews of the Funds and their investments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we consider short and long-term rates of return, investment diversification and risk allocations as part of our regular review. The Adviser prepares and reviews risk reports on an ongoing basis to inform the investment team of portfolio risks. The Divisadero Funds' administrator conducts monthly reviews as part of the net asset value calculation process. With respect to accounting matters, we have engaged an independent public accounting firm to conduct annual audits of the Divisadero Funds.

ADDITIONAL REVIEWS

While Divisadero generally conducts continuous reviews of the Funds and their investments, we may conduct additional or more frequent reviews in the event of any withdrawal or capital contribution by an investor in the Funds, significant market or economic events or under various other circumstances.

REPORTS TO INVESTORS

We provide investors in the Funds with monthly account statements, monthly performance and exposure report, and for the Divisadero Funds, annual audited financial statements and certain U.S. income tax information. The Divisadero Funds' financial statements are prepared in accordance with U.S. GAAP. All such statements and reports are written. In response to questions and requests and in connection with due diligence meetings and other communications, we may provide additional information to certain investors in the Divisadero Funds that is not distributed to other investors in the Funds.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

Except as described in “**Item 12: Brokerage Practices**” above, we currently do not receive any economic benefit from any person (other than the Funds) for providing investment advisory services to the Funds.

REFERRALS

We currently do not compensate any third party for client or investor referrals.

Item 15: Custody

We have, or may be deemed to have, custody of the Divisadero Funds' cash and securities for purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended. In accordance with Rule 206(4)-2, the Funds cash and securities (except for privately placed securities) are maintained with one or more qualified custodians. We may change the custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged an independent public accounting firm, to conduct an annual audit of the Divisadero Funds, and audited financial statements (prepared in accordance with GAAP) are provided to investors on an annual basis. The name of the independent public accounting firm currently engaged with respect to the Funds is set forth in Section 7.B. of Schedule D of Part 1 of our Form ADV. We endeavor to provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds. We do not have custody with respect to the BEMAP Fund whose securities in the portfolio managed by Divisadero are held at one or more qualified custodians

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

We have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of the Funds. We have authority to determine the broker-dealer or other counterparty to be used for Fund transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

LIMITED POWER OF ATTORNEY

Each investor in the Divisadero Funds generally grants us a limited power of attorney to enable us to execute the partnership agreement and to take certain other limited actions with respect to the Funds on its behalf. We also have authority to conduct authorized trading and perform other acts on behalf of the Funds.

Item 17: Voting Client Securities

Divisadero has the authority to vote proxies on behalf of the Funds. Accordingly, Divisadero has adopted proxy voting policies and procedures designed to further the best interests of the Funds. In general, our policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of the Fund, as determined in our discretion. Divisadero has and may in the future also elect to take no action with respect to a proxy if it is in the best interest of the Fund not to vote a proxy. Investors may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

Divisadero will review proxy materials to identify potential conflicts of interest. A conflict of interest will be considered material to the extent that such conflict has the potential to influence our decision-making in voting a proxy. If a material conflict of interest is identified, Divisadero may abstain from voting or use other methods to resolve or otherwise mitigate such conflict, which may include engaging a third party to recommend a vote on the proxy based on our proxy voting guidelines or such other method as is deemed appropriate under the circumstances given the nature of the conflict. Divisadero will maintain a written record of the method used to resolve or otherwise mitigate any material conflict of interest.

Investors may obtain copies of our proxy voting policy, together with information regarding how Divisadero has voted past proxies, by contacting us.

Item 18: Financial Information

We do not have any financial commitment that impairs our ability to meet contractual and fiduciary commitments to our clients, and we have not been the subject of any bankruptcy proceeding.