

**Form ADV Part 2A**

**Caravela Energy Partners LP**

**19 Old Kings Highway  
Darien, Connecticut 06820**

**March 2024**

This “Brochure” provides information about the qualifications and business practices of Caravela Energy Partners LP (“Caravela”). If you have any questions about the contents of this Brochure, please contact our Chief Operating Officer and Chief Compliance Officer (“CCO”), Farzine Hachemian, by phone at (203) 200-0636 or email at [farzineh@caravelapartners.com](mailto:farzineh@caravelapartners.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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 offering and governing documents that contain a description of the material terms relating to such investments, products, or services.

Caravela is a registered investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

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

## **Item 2: Material Changes**

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This Brochure is Caravela's annual update to its Form ADV Part 2A. Since the last update, Caravela underwent a fund restructuring in January 2024, converting its sole fund, Caravela Energy Fund LP, into a feeder fund as part of a master-feeder fund arrangement with Caravela Master Fund LP and Caravela Energy Fund Offshore Ltd.

We encourage current and future investors to read this Brochure as well as all of the governing and offering documents applicable to your current or prospective investment, in their entirety.

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

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Caravela Energy Partners LP (“Caravela”, “we” or the “Firm”) is an investment adviser with its principal place of business in Darien, Connecticut. Caravela is principally owned by Caravela Energy Partners GP LLC (the “General Partner”), and Cacela Capital LLC, which is owned by Miguel Ferreira, Caravela’s Managing Partner.

Caravela expects to manage and provides discretionary investment advisory services to the Caravela Energy Fund LP (the “Partnership”), Caravela Energy Fund Offshore Ltd. (the “Offshore Fund”), and Caravela Master Fund LP (the “Master Fund”), collectively referred to herein as the “Funds”. We also provide investment advisory services on a discretionary basis for separately managed accounts (“SMAs”) of individuals, including high net worth individuals and institutional investors, including corporations, endowments, and foundations (together with the Funds, the “Clients”).

Caravela generally will invest its Client’s assets in long and short positions in equity securities and futures in the Energy sector but has broad and flexible investment authority to invest in other financial instruments.

Caravela provides advice to its Clients based on the specific investment objectives and strategies described in the investment management agreement with the Clients. Caravela does not tailor its advisory services to the individual needs of the Clients; however, Caravela does accept Client-imposed investment restrictions provided such restrictions have only a marginal impact on the overall strategy. Caravela does not participate in Wrap Fee Programs.

**Caravela has regulatory assets under management of \$408,511,817 as of December 31, 2023, all managed on a discretionary basis.**

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

The fees applicable to Clients are set forth in detail in the investment management agreements applicable to the respective Client. A general summary of the fees charged by Caravela is provided below.

##### ***Fixed Fee and Discretionary Bonus***

It is anticipated that the Clients will pay Caravela a management fee (the “Management Fee”) based on the value of the assets that range from 0% to 2.5% per year. The Management Fee will be payable generally monthly in arrears.

##### ***Performance-Based Compensation***

It is anticipated that Caravela will be entitled to performance-based compensation (the “Performance Fee”) that ranges from 20% to 30%. The Performance Fee is compensation that is based on a share of capital gains on or capital appreciation of the invested assets of the Clients.

##### ***Other Types of Fees or Expenses***

In addition to paying Management Fees and, if applicable, performance-based compensation, the Clients will also be subject to other expenses in accordance with the Client’s investment management agreement. These expenses may include but are not limited to custodial charges, brokerage fees, commissions and related costs; interest expenses; taxes, duties and other governmental charges; transfer and registration fees or similar expenses; costs associated with foreign exchange transactions; other portfolio expenses; and costs, expenses and fees associated with products or services that may be necessary or incidental to such investments or accounts. In addition, the Clients will incur brokerage and other transaction costs. Please refer to Item 12 of this Brochure for a discussion of Caravela’s brokerage practices.

The allocation of expenses by Caravela between it and any Client and among Clients represents a conflict of interest for Caravela. To address this conflict, Caravela will adopt and implement policies and procedures that address the allocation of expenses. Caravela allocates expenses to each Client in accordance with the Client’s investment management agreement with Caravela. Caravela

seeks to allocate shared expenses for products and services benefitting the Adviser and the Client and not addressed in the Client's investment management agreement with Caravela in a fair and reasonable manner.

Caravela is responsible for its overhead expenses of an ordinary and recurring nature, such as rent, supplies, secretarial expenses, its direct compliance expenses, stationery, charges for furniture and fixtures, salaries and bonuses of its employees, employee insurance, employee benefits and payroll taxes.

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

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It is anticipated that Caravela will provide investment management services to multiple Clients. Caravela may be entitled to be paid the Performance Fee. The Performance Fee creates an incentive for Caravela to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. The management of multiple Clients creates a conflict of interest because Caravela may have an incentive to favor one Client over another. Accordingly, Caravela will adopt and implement policies and procedures intended to address conflicts of interest relating to the management of multiple Clients, including the allocation of investment opportunities among Clients. To the extent applicable, Caravela will review investment decisions to seek to ensure that accounts with the same or substantially similar investment objectives are treated equitably.

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

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Caravela provides advisory services to the Clients. The Clients are subject to a minimum investment amount of \$50 million for its SMAs. The initial minimum investment for the Funds is \$1 million.

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

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##### Methods of Analysis and Investment strategies

The investment objective of Caravela is to seek to generate high positive returns across all market and economic cycles through investments primarily in commodity futures and equity securities of publicly traded companies within the energy sector. Caravela considers investments in various industries and sectors within the energy sector but generally invests Client account assets in companies that focus on oil and gas drilling and production, renewable energy, midstream, gas and electric utilities, and independent power producers.

In pursuit of the investment objective of the Client accounts, Caravela analyzes investments based on a proprietary platform that models various components of the energy system, built from a bottom-up market analysis. Caravela looks for situations where prices of securities create an unsustainable situation or undervalue a particular risk. Caravela invests across futures and options markets as well as long and short equity strategies.

Caravela's investment style, method, and strategy involves the risk of loss to Clients and Clients must be prepared to bear the loss of their entire investment.

##### A. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies

Client accounts are exposed to investment ideas in the energy sector. As such, the strategy is relatively concentrated as compared to strategies that are more diversified across a broad range of sectors. Accordingly, Client portfolios are subject to more rapid change in value than a more broadly diversified portfolio.

Caravela will sell futures and short sell stock as part its investment program. Short transactions expose Caravela to the risk of loss greater than the initial investment, and such losses can increase rapidly and without effective limit. On securities sold short, there is a risk that the securities borrowed would need to be returned to the securities lender on short notice. If such a request occurs at a time when other short sellers of the respective security are receiving similar requests, a "short squeeze" can occur wherein Caravela may be compelled to purchase the securities in the open market at a disadvantageous price.

**B. Risks Associated with Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks)**

**Futures and Options:** Trading in futures and options on futures may result in unlimited losses. In certain market conditions, futures markets may be halted or illiquid making it impossible to liquidate a security. Settlement risk can also occur associated with futures position at expiry of the futures contract.

**Hedging.** There can be no assurances that a particular hedge is appropriate, or that certain risk is measured properly. Further, while the Adviser may enter hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Adviser's investment portfolios than if the Adviser did not engage in any such hedging transactions.

**Key Person Risk:** Primary responsibility for the management of Client accounts belong to the key investment professional of Caravela. Thus, the continuation of the management of Clients accounts is dependent heavily upon the ability of the key person to provide investment advice. Consequently, in the event of the key person's death or permanent disability, Caravela may be unable to furnish investment advice to the Clients.

**Additional Risks Relating to Caravela**

**Cybersecurity Risk.** The information and technology systems of Caravela and of key service providers to Caravela and its Clients, including banks, broker-dealers, custodians and their affiliates, may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of Caravela's transactions, cause the release of confidential information, including private information about Clients, subject Caravela or its affiliates to regulatory fines or financial losses, or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of Caravela's key service providers, may cause significant harm to Caravela, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which Caravela may invest. These risks could result in material adverse consequences for such issuers, and may cause Caravela's investments in such issuers to lose value. Although Caravela has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Caravela to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Caravela or its Client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

**Risk Management Failures.** Although Caravela attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Caravela, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of Clients may be incomplete or altogether ineffective. Similarly, Caravela may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to Clients.

**Systems and Operational Risk.** Caravela relies on certain financial, accounting, data processing and other operational systems and services that are employed by Caravela and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Caravela and its Clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the Clients' operations. In addition, despite certain measures established by Caravela and third-party service providers to safeguard information in these

systems, Caravela, Clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the Client trading activities, liability under applicable law, regulatory intervention or reputational damage.

*Valuation of Portfolio Holdings.* There are various conflicts of interest in connection with the valuation of Client assets, in particular, higher valuations of Client assets may result in increased compensation to Caravela. In addition, inflated valuations may result in better performance which may assist in marketing for Caravela. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values. To address these conflicts, Caravela will adopt and implement policies and procedures for the valuation of Client securities.

*Effects of Health Crises and Other Catastrophic Events.* Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Clients' investments and Caravela's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Client investments. In addition, under such circumstances the operations, including functions such as trading and valuation, of Caravela and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

*Failure of Counterparties to Perform Obligations.* In its ordinary course of business, the Firm relies on various counterparties, which include, but is not limited to, brokers, dealers, banks, custodians, and administrators ("Counterparties"). These Counterparties, with which the Firm does business and on behalf of a Fund, may, from time to time, default on their obligations with or without notice. Such defaults include, but are not limited to, a Counterparty's bankruptcy, insolvency, or other failure. A Counterparty's default on their obligations may impact the Firm's or the Fund's ability to conduct its business in the ordinary course. There is a risk of loss of assets on deposit at the Counterparty. Although government agencies or other organizations provide insurance coverage to depositors in the event of a Counterparty failure, coverage is limited to a specified amount and subject to rules and regulations. Prior events where a government agency or other organization stepped in to make depositors whole over their excess deposits at select Counterparties, which may or may not have a current or prior relationship with the Firm or the Fund, should not be construed as a guarantee that such action will be taken in the future. There is no guarantee that any excess deposits are recoverable. In the event of a Counterparty's default, the Firm will work diligently to access its capital and take actions it deems appropriate while acting in the best interest of the Funds. However, the Firm's access to capital is subject to a variety of external factors that are outside of the Firm's control, including the timing of default, a government agency's or other organization's actions, including the timing of the Counterparty's closure, ability to liquidate the Counterparty's assets, or to effect the Counterparty's sale or dissolution, unforeseeable economic factors or market conditions, and the Counterparty's technology infrastructure operating as intended to facilitate access. Furthermore, the Firm's ability to access capital may have an impact on the Firm's and the Funds' ability to conduct operations in the normal course including, but not limited to paying expenses, funding investment opportunities resulting in delayed or missed opportunities, and calling capital from or making distributions to limited partners. Deposits concentrated at one or a limited number of Counterparties may amplify these risks.

#### **Item 9: Disciplinary Information**

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This Item is not applicable.

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

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This Item is not applicable.

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

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Caravela has adopted a Code of Ethics (the “Code”) that obligates Caravela and its access persons to put the interests of Caravela’s Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with Caravela’s policies and procedures, Caravela’s personnel are required to comply with applicable federal securities laws. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by Caravela’s access persons.

Caravela, or its related persons, in the course of their investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material non-public information about issuers, including issuers in which Caravela or its related persons have invested or seek to invest on behalf of Clients. Caravela is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. Caravela maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Caravela is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, Caravela may possess certain confidential or material, non-public information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Caravela will be prohibited from communicating such information to the Client or using such information for the Client’s benefit. In such circumstances, Caravela will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that Caravela possesses such information), or not using such information for the Client’s benefit as result of following Caravela’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

In addition, Caravela or its access persons will from time to time invest in the same securities (or related securities, e.g., warrants, options or futures) that Caravela or an access person recommends to Clients. Such practices present a conflict when, because of the information Caravela has, Caravela or its access persons are in a position to trade in a manner that could adversely affect Caravela’s Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients’ trades). In addition to affecting Caravela’s or its access person’s objectivity, these practices by Caravela or its access persons may also harm Clients by adversely affecting the price at which the Clients’ trades are executed. Caravela has adopted the following procedures in an effort to minimize such conflicts: Caravela requires its access persons to preclear certain limited offerings and initial public offerings in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of its Clients. In addition, Caravela’s Code prohibits Caravela or its access persons from executing personal securities transactions of any kind in any securities on a restricted securities list. All of Caravela’s access persons are required to disclose their securities transactions on a quarterly basis. In addition, Caravela’s access persons are required to disclose the holdings in their personal accounts upon commencement of employment with Caravela and on an annual basis thereafter.

Clients or prospective Clients may obtain a copy of the Code by contacting Farzine Hachemian by email at [farzineh@caravelapartners.com](mailto:farzineh@caravelapartners.com) or by telephone at (203) 200-0636.

## **Item 12: Brokerage Practices**

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

Caravela will consider a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer’s compensation. Such factors include, but are not limited to, reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis); custodial and other services provided for the enhancement of Caravela’s portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency). In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer’s compensation, Caravela need not solicit competitive bids and does not have an obligation



to seek the lowest available commission cost. It is not Caravela's practice to negotiate "execution only" commission rates, thus a Client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Caravela periodically evaluates the broker-dealers used by Caravela to execute Client trades using the foregoing factors.

**1. Research and Other Soft Dollar Benefits.** Caravela receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with Client securities transactions. This is known as a "soft dollar" relationship. Caravela will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; 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.

When Caravela uses Client commissions to obtain Section 28(e) eligible research and brokerage products and services, Caravela will periodically review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or Caravela's overall responsibilities to the accounts or portfolios over which Caravela exercises investment discretion.

In determining whether to direct Client brokerage transactions to particular broker-dealers, Caravela will periodically review and evaluate its soft dollar practices to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer.

The use of Client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Caravela will not have to pay for the products and services itself. This creates an incentive for Caravela to select or recommend a broker-dealer based on its interest in receiving those products and services. To address these conflicts of interest, Caravela will execute Client trades through broker-dealers that provide research and brokerage products to Caravela only if it is determined that Client trades with such broker-dealers are otherwise consistent with seeking best execution.

**Brokerage for Client Referrals.** From time to time, certain of Caravela's Clients may direct that Caravela execute all or a portion of the transactions for such Client's account through a specific broker, in return for such broker providing the client with various services. This direction restricts Caravela's discretion to select brokers and negotiate commission rates and may adversely affect Caravela's ability to obtain best price and execution. Accordingly, when a Client directs brokerage to a specific broker, Caravela requires that (i) Clients provide such direction in writing to Caravela and (ii) Caravela provide the Client with appropriate written disclosure, which will be acknowledged by the Client.

**B. Order Aggregation.** When it has the opportunity Caravela will purchase or sell the same security

for multiple Clients contemporaneously/at or near the same time and using the same executing broker. Caravela, where possible, will aggregate Client orders for the purchase or sale of the same security contemporaneously/at or near the same time for execution using the same executing broker. Such aggregation may enable Caravela to obtain for Clients a more favorable price or a better commission rate based upon the volume of a particular transaction. When an aggregated order is filled, Caravela allocates the securities purchased or proceeds of sale pro rata among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally, all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding and market practice. When the Adviser is unable to allocate at average price, the Adviser uses best efforts to allocate individual fills of an order to approximate the average price. If an aggregated order is only partially filled, Caravela's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair and equitable to Clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating Clients.

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**Item 13: Review of Accounts**

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Caravela's Managing Partner reviews Client accounts on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account.

Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular client, or specific arrangements with particular Clients may trigger reviews of Client accounts on other than a periodic basis.

Clients receive reports pursuant to the terms of the applicable investment management agreement.

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

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Caravela receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for Caravela to select or recommend broker-dealers based on Caravela's interest in receiving the research or other products or services and may result in the selection of a broker-dealer based on considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by Caravela on behalf of its Clients. Please see Item 12 for further information on Caravela's "soft-dollar" practices, including Caravela's procedures for addressing conflicts of interest that arise from such practices.

**Capital Introduction Programs.** From time to time, Caravela will participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to the Clients. Caravela may place Client portfolio transactions with firms who have provided capital introduction opportunities, if Caravela determines that it is otherwise consistent with seeking best execution. In no event will Caravela select a broker-dealer as a means of remuneration for affording Caravela with the opportunity to participate in capital introduction programs.

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**Item 15: Custody**

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The Clients will receive account statements from a broker-dealer, bank or other qualified custodian and clients should carefully review those statements.

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**Item 16: Investment Discretion**

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Caravela provides investment advisory services on a discretionary basis to Clients. Clients are required to enter into an investment management agreement prior to the establishment of an account with Caravela. Caravela will not enter into an investment management agreement with any prospective Client whose investment objectives, guidelines, and restrictions are deemed incompatible with Caravela's basic investment philosophy or strategies, or if the prospective Client's investment objectives, guidelines, and restrictions are deemed unduly restrictive.

When selecting securities and determining amounts for investment for a particular client, Caravela refers to the investment policies, limitations and/or restrictions set forth in the applicable investment management agreement.

Allocations will be made among client accounts eligible to participate in initial public offerings (IPOs) and secondary offerings on a pro rata basis, except when Caravela determines in its discretion that a pro rata allocation is not appropriate, which may include a Client's investment guidelines explicitly prohibiting participation in IPOs or secondary offerings and a Client's status as a "restricted person" under applicable regulations.

Securities acquired by Caravela for its clients through a limited offering will be allocated on a pro rata basis after determining those client accounts eligible to hold such securities and taking into consideration any limitations and/or restrictions set forth in the applicable investment management agreement.

Caravela may provide certain clients or investors with the opportunity to co-invest in certain investments to which Caravela has access. Participation in such opportunities may be limited to a select number of clients or investors based on Caravela's consideration of factors, including but not limited to: (i) whether the potential co-investor has expressed an interest in participating in co-investment opportunities; (ii) Caravela's evaluation of the potential co-investor's size and financial resources; (iii) the ability of the potential co-investor to expeditiously participate in the investment opportunity without harming or otherwise prejudicing the other clients participating; (iv) Caravela's perception of whether the investment opportunity may subject the potential co-investor to legal, regulatory or other burdens that make it less likely that the potential co-investor would accept the investment opportunity; (v) whether Caravela believes that allocating the investment opportunity to a potential co-investor will help establish, recognize or strengthen relationships that may provide indirectly longer-term benefits to current or future clients or to Caravela; (vi) any confidentiality concerns Caravela has that may arise in connection with providing the potential co-investor with specific information regarding an investment opportunity in order to allow it to evaluate the opportunity; and (vii) other factors deemed relevant by Caravela. Co-investment opportunities may not be available to any or all Clients.

If it appears that a trade error has occurred, Caravela will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors occur, Caravela's error correction procedure is to ensure that clients are treated fairly. Caravela has discretion to resolve a particular error in any manner that it deems appropriate and consistent with Caravela's stated policy regarding trade errors. Caravela is not responsible for the errors of other persons, including third party brokers and custodians.

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

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To the extent Caravela has been delegated proxy voting authority on behalf of its clients, Caravela complies with its proxy voting policies and procedures that are designed to ensure that in cases where Caravela votes proxies with respect to Client securities, such proxies are voted in the best interests of each Client.

In voting proxies, the Caravela generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated) and selection of auditors. Caravela generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, Caravela will determine whether a proposal is in the best interests of the client and may take into account the following factors, among others:

(i) whether the proposal was recommended by management and Caravela's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

Caravela will abstain from voting or affirmatively decide not to vote if Caravela determines that abstention or not voting is in the best interests of the client in light of the scope of services to which Caravela and the client have agreed. In making this determination, Caravela will consider various factors, including, but not limited to, (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. Caravela may determine not to vote proxies relating to securities in which clients have no position as of the receipt of the proxy (for example, when Caravela has sold, or has otherwise closed, a client position after the proxy record date but before the proxy receipt date).

If a material conflict of interest between Caravela and a client exists, Caravela will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the client or take some other appropriate action.

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

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This Item is not applicable.