

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

ACORN ADVISORY CAPITAL, L.P.

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This brochure provides information about the qualifications and business practices of Acorn Advisory Capital, L.P. If you have any questions about the contents of this brochure, please contact us at 212-303-4344 or cfleming@aaclp.com. 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.

Additional information about Acorn Advisory Capital, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

Acorn Advisory Capital, L.P. (the “Investment Adviser”) is required to identify and discuss any material changes made to its Brochure since the last annual update. Acorn Advisory Capital L.P. has made no material changes since the last annual update of its Brochure in March 2023.

Clients and investors should review the Brochure in its entirety, as it contains other routine updates and clarifying revisions.

ITEM 3
TABLE OF CONTENTS

ITEM 1 COVER PAGE.....	i
ITEM 2 MATERIAL CHANGES	ii
ITEM 3 TABLE OF CONTENTS	iii
ITEM 4 ADVISORY BUSINESS	1
ITEM 5 FEES AND COMPENSATION	4
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	7
ITEM 7 TYPES OF CLIENTS	10
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	11
ITEM 9 DISCIPLINARY INFORMATION	29
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	30
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	31
ITEM 12 BROKERAGE PRACTICES.....	33
ITEM 13 REVIEW OF ACCOUNTS.....	35
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION.....	36
ITEM 15 CUSTODY.....	40
ITEM 16 INVESTMENT DISCRETION	38
ITEM 17 VOTING CLIENT SECURITIES.....	39
ITEM 18 FINANCIAL INFORMATION	44

ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

Acorn Advisory Capital, L.P., (the "Investment Adviser") a Delaware limited partnership, commenced operations in 1994. The general partner of the Investment Adviser is Acorn Advisory Capital Management, LLC (the "Investment Adviser General Partner"), a Delaware limited liability company. The Investment Adviser General Partner has ultimate responsibility for the management, operations and the investment decisions made by the Investment Adviser. Effective December 30, 2020, Delphi Financial Group, Inc. ("Delphi"), a financial holding company focused on specialty insurance and insurance-related service business in North America, and wholly owned by Tokio Marine & Nichido Fire Insurance Company and a member of the Tokio Marine Group, acquired 100% of the equity ownership of the Investment Adviser, the Investment Adviser General Partner and Build Capital Management LLC ("GP"), the general partner of the Onshore Fund (defined below) and the Onshore SP Fund (defined below).

B. Description of Advisory Services.

The Investment Adviser provides investment advisory services to and manages private funds engaged in a multi-manager, multi-strategy investment program, including, Build Capital Partners, L.P. which is formed as a Delaware limited partnership (the "Onshore Fund") and Build Master Fund, Ltd. (the "Master Fund") and Build Offshore Fund, Ltd. which are each formed as Cayman Islands exempted companies (collectively, the "Offshore Funds") and together with the Onshore Fund, the "Build Funds"). The Master Fund is the master fund of Build Capital Partners, L.P. and Build Offshore Fund, Ltd. The Build Funds' investment objective is to achieve attractive total rates of return through exposures to various investments using a multi-strategy approach. The Build Funds are unconstrained in choosing and executing investment ideas. The Build Funds may invest in various asset classes including, without limitation, common stock, sovereign debt, mortgage backed securities, municipal bonds, distressed securities, currencies, options, futures and master limited partnerships. The Investment Adviser executes its investment strategy by having the Master Fund trade securities directly (together, the "Direct Investments"). Assets of the Build Funds are also allocated by the Investment Adviser to portfolio managers that may be affiliated or unaffiliated with the Investment Adviser ("Portfolio Managers"). The Portfolio Managers may use various strategies including, without limitation, hedged equity, equity long/short, event-driven, credit and distressed and tactical trading. These investments may be made through limited partnerships, limited liability companies, joint ventures or other investment vehicles managed by Portfolio Managers ("Portfolio Funds") and pursuant to investment advisory agreements granting Portfolio Managers discretionary investment authority on a managed account basis ("Advisory Accounts"). The Build Funds' Direct Investments and the trading through the Advisory Accounts are generally made at the Master Fund level and the investments in Portfolio Funds are generally made at the feeder level.

Build Private Credit, L.P. (“BPC”) is a private fund where Acorn Advisory Capital, L.P. acts as investment adviser. The limited partners of BPC are the former principals of the Investment Adviser and BPC is not offered to third parties. BPC primarily invests in senior secured loans of middle market companies, BPC will also invest in other debt instruments or obligations or other securities. The investments are typically made via investments in Advisory Accounts that are managed by Portfolio Managers.

Acorn EUR Alternative Income Fund LLC. (“Acorn EUR”) is a private fund where Acorn Advisory Capital, L.P. acts as manager. The members of Acorn EUR are subsidiaries of Tokio Marine Holdings, Inc., and Acorn EUR is not offered to third parties. Acorn EUR primarily invests in European private credit through third party Portfolio Funds as well as Advisory Accounts that are managed by third party Portfolio Managers.

The Build Funds, BPC, and Acorn EUR will herein be referred to as the “Funds” unless otherwise noted.

In addition, the Investment Adviser provides investment advisory services to certain client accounts (“Other Accounts”) including certain accounts for the benefit of Delphi (the “Delphi Managed Accounts”) on a discretionary and non-discretionary basis. The terms of such advisory services to Other Accounts are negotiated with each applicable Client on a case-by-case basis. The Other Accounts may employ strategies similar to those of the Funds or other strategies, each defined in the Other Account’s advisory agreement (each, an “Advisory Agreement”).

Limited Partnership interests in the Onshore Fund and Onshore SP Fund are offered on a private placement basis, and in reliance on Section 3(c)7 of the Investment Company Act of 1940, as amended (the “Company Act”), to persons who generally are “accredited investors” as defined under the Securities Act of 1933, as amended (the “Securities Act”) and “qualified purchasers” as defined under the Company Act, and who are subject to certain other conditions, which are fully set forth in the offering documents for the Onshore Fund.

Shares in the Offshore Funds are generally offered to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially comprised of tax-exempt U.S. Persons) on a private placement basis, and who are subject to certain other conditions, which are fully set forth in the offering documents for the Offshore Funds.

Limited Partnership interests in BPC and Acorn EUR are not offered to third parties.

The Funds and the Other Accounts will herein be referred to as the “Clients” unless otherwise noted.

Please refer to Item 8 for a more detailed description of the Investment Adviser’s investment strategies, as well as a summary of the securities and other instruments purchased by Clients under the management of the Investment Adviser.

This Brochure generally includes information about the Investment Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. The information contained in this Brochure is a summary only, and more detailed descriptions of the Funds and their investment strategies are set forth in the applicable offering documents, including each respective Fund's confidential memorandum and any amendments or supplements related thereto (collectively, the "Offering Documents"). More detailed information related to the Other Accounts is contained in each such Other Account's Advisory Agreement.

C. Availability of Customized Services for Individual Clients.

The Investment Adviser's investment decisions and advice with respect to each Client are subject to such Client's investment objectives and guidelines as set forth in their respective Offering Documents, limited partnership agreements, operating agreements or Advisory Agreement (as applicable), as well as any instructions provided by such Clients to the Investment Adviser.

D. Assets Under Management.

As of December 31, 2023, the Investment Adviser manages a total of approximately \$ 2,403,901,545 of regulatory assets under management ("RAUM") on a discretionary and non-discretionary basis (\$1,599,941,184 of RAUM on a discretionary basis and \$ 803,960,361 on a non-discretionary basis).

ITEM 5 FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Client are set forth in detail in each Client's Offering Documents, limited partnership agreement, operating agreement or Advisory Agreement (as applicable). A brief summary of such fees is provided below.

The Investment Adviser charges the Build Funds a management fee of 1.35% annually on offered classes of interests/shares. For the Build Funds, offered classes of interests/shares are also subject to a 15% incentive allocation/fee which is subject to a high water mark/loss carryforward. Certain investors in the Build Funds are charged a 1.5% management fee annually, with no incentive fee. Effective January 1, 2023, certain affiliates of Acorn ("Affiliate Investors"), including two Acorn investment committee members, will pay fees on their respective investments in the Build Funds at an annualized Management Fee Rate of 0.055% of their respective Build Investments. In addition, net profits and losses attributable to Specified Items (defined below) shall be allocated as follows: (i) an amount equal to the Applicable Percentage (defined below) multiplied by the Specified Items shall be allocated to the GP (or, in the case of Build Offshore Fund, Ltd., paid to the Investment Adviser) and (ii) the balance of the Specified Items shall be allocated ratably among the Affiliate Investors. Finally, it is agreed that, in order to provide for a smoothing of results to all parties, the amount of Specified Items allocable to the GP with respect to fiscal year 2025 shall be increased by the positive balance, if any, in the "2023-2025 Shortfall Account." For this purpose, the 2023-2025 Shortfall Account shall be a memorandum account that, for each of fiscal year 2023, 2024 and 2025, shall be (i) increased to the extent Acorn Advisory and the GP received fees from the Build Investors and allocations of Specified Items that, in the aggregate, were lower than 90% of the Base Amount; and (ii) decreased to the extent Acorn Advisory and the GP received fees from the Build Investors and allocations of Specified Items that, in the aggregate, exceeded 90% of the Base Amount.

- "Applicable Percentage" shall mean the lesser of 11.5% and the Alternate Percentage computed in accordance with the methodology set forth below.
- "Specified Items" shall mean income and expense items derived from Build Investments that are or would be reported as dividends or interest income (including tax-exempt interest) or expense on the 2023 US federal income tax returns of the Build Funds.
- The "Alternate Percentage" shall mean the percentage that, when multiplied by the aggregate net Specified Items, produces an amount equal to the excess of (x) 110% of the Base Amount determined under the following paragraph over (y) 0.055% of the aggregate value of the Build Investments.
- The "Base Amount" shall be the sum of (a) .50% (annualized) multiplied by the Build Funds' net Direct Investments and investments in Portfolio Funds which, in either case, are managed by Portfolio Managers unaffiliated with the Investment Adviser, (b) 1.35% (annualized) multiplied by the Build Funds' net Direct Investments and investments in Portfolio Funds which, in either case, are managed by Portfolio Managers affiliated with the Investment Adviser, and (c) .25% (annualized) multiplied by the Build Funds' net Direct Investments consisting of equity securities

(including ETFs), cash and cash equivalent balances and any other investments that are not otherwise covered by (a) or (b).

In addition to the foregoing, an 18% Incentive Allocation Rate or Incentive Fee Rate, as applicable, will be applied to the Affiliate Investors' respective shares of the Build Funds' profits from net Direct Investments and investments in Portfolio Funds which, in either case, are managed by Portfolio Managers employed by the Investment Adviser.

The Investment Adviser charges BPC a management fee of .50% annually.

The Investment Adviser charges Acorn EUR a management fee of .55% annually.

Management fee compensation for the Funds is paid quarterly in advance. Fees may be waived, reduced or calculated differently at the discretion of the general partner or board of directors of the Funds, as applicable.

The Investment Adviser charges fees for the Other Accounts in varying amounts from .2% to .5% of Other Accounts' total assets and an incentive fee between 0% and 15%.

Fees may be negotiable. Generally, the Investment Adviser has the authority to waive, reduce or calculate differently any of the fees described herein, and, to date, the Investment Adviser has charged varying fees as discussed above, as well as waiving fees for certain employees of the Investment Adviser. The Investment Adviser may enter into side letters or other agreements with individual investors that have the effect of establishing rights under, or altering or supplementing, the terms of the Fund agreements. Any rights established, or any terms of the Fund agreement altered or supplemented in a side letter with an investor will govern with respect to such investor.

B. Payment of Fees.

Fees and compensation paid to the Investment Adviser by the Funds are generally deducted from the assets of each such Client. As discussed above, management fees are generally deducted on a quarterly basis for the Funds and Segregated Portfolios (as applicable).

Fees are billed and paid quarterly for the Other Accounts.

C. Additional Fees and Expenses.

The Clients bear all of their own operating expenses, which may include, but not be limited to, investment expenses (e.g., brokerage commissions, trading quotes, expenses relating to short sales, clearing and settlement charges, custodial fees, interest expense), expenses of any anti-money laundering officers, expenses of the board of directors (as applicable), professional fees (including, without limitation, expenses of consultants and experts' fees relating to particular investments), travel expenses related to investments (including meals, lodging and airfare), legal expenses, accounting, audit and tax preparation

expenses, costs of printing and mailing reports and notices, entity-level taxes, corporate licensing, regulatory expenses (including filing fees for Form PF and other regulatory filings), expenses relating to the offer and sale of interests/shares, and such extraordinary expenses as may be determined by the general partner or board of directors of each Fund (as applicable). Each Fund also bears its pro rata share of the operating expenses of the Portfolio Funds. Further, each Portfolio Manager generally charges an asset-based fee and receives a performance-based fee or allocation. The asset-based fees of the Portfolio Managers are generally expected to range from .50% to 2%, and the performance-based fees or allocations of the Portfolio Managers are generally expected to range from 0% to 25% of net capital appreciation. However, such fees and allocations may be greater or less than such ranges. The Funds will not be charged any asset-based or performance-based fees by Portfolio Managers affiliated with the Investment Adviser. Each of the will also bear its pro rata share of the operating expenses of the Master Fund.

Expenses which are of benefit to a Fund and one or more Other Accounts generally are allocated among the applicable Fund and such Other Accounts on a pro rata basis in accordance with the relative investment capital of the Fund and such Other Accounts. The Investment Adviser may allocate expenses on a basis other than as described in this paragraph if the Investment Adviser determines, in its sole discretion, that such other method of allocation is fair and equitable under the circumstances.

To the extent that any Fund expenses are provided or paid for by the Investment Adviser, the Fund will reimburse the Investment Adviser for such expenses. However, the Investment Adviser may, in its sole and absolute discretion, bear any of the applicable Fund's expenses; provided, that if the Investment Adviser bears any such expenses, it will not be required to continue to bear such expenses and may thereafter cause the Fund to bear such expenses.

D. Prepayment of Fees.

Not applicable.

E. Additional Compensation and Conflicts of Interest.

Neither the Investment Adviser, nor any of its supervised persons, accept compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in Item 5, the Investment Adviser and its affiliates charges performance-based fees to Clients. As a result, the Investment Adviser and its affiliates will face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some Clients, but not from other Clients (or classes of interests/shares).

The Investment Adviser may not charge performance-based compensation to all Clients (or classes of interests/shares). In addition, certain Client accounts (and classes of interests/shares) have higher management fees or performance-based compensation arrangements more favorable to the Investment Adviser than other accounts engaging in the same or similar investment activities. As a result, the potential exists for the Investment Adviser to seek to favor one Client over another Client in allocating investment opportunities or otherwise. In particular, the Investment Adviser has a greater incentive to favor the Clients that pay the Investment Adviser (and indirectly its investment personnel) performance-based compensation or otherwise pay higher fees, or in which the Investment Adviser personnel have more significant investments.

The Investment Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures, including the following:

The Investment Adviser provides investment advisory services to Clients whose investment programs will involve Direct Investments and investing in Portfolio Funds. The Investment Adviser recognizes that it times it is subject to conflicting duties with respect to allocations of opportunities to invest in the Portfolio Funds and Direct Investments. The Investment Adviser has adopted an Investment Allocation Policy (the "Policy") which recognizes that each allocation decision for a Client is the result of the Investment Adviser's rigorous investment process that accords weight to a number of factors, many of which are subjective and can vary over time. Nevertheless, in an attempt to seek to address potential conflicts, the Investment Adviser seeks to adhere to the following guidelines (the "Guidelines") in order to make investment allocation decisions on a basis that is fair and equitable.

1. Prohibited Allocations

Interests in Portfolio Funds and Direct Investments may not be allocated to one Client over another in order to:

- Favor one Client because that Client generates higher fees (including performance-based compensation) over another;
- Develop a relationship with an investor or with a prospective investor;
- Compensate an investor for past services or benefits rendered to the Investment Adviser; or
- Induce future services or benefits to be rendered to the Investment Adviser.

In addition, no investment in a Portfolio Fund or Direct Investment will be made on behalf of a Client unless the investment would be consistent with the Client's stated investment objective and investment program.

2. Allocation Principles

Eligible Clients. Investment opportunities initially will be allocated to one or more Clients with investment programs and investment objectives that permit such Client(s) to invest in the relevant investment opportunity ("Eligible Clients"). For the purpose of this Policy, Eligible Clients may also include proprietary accounts of the Investment Adviser.

Allocations Among Eligible Clients. Allocations of investment opportunities among multiple Eligible Clients will generally be pro rata based on available relative capital levels of the Eligible Clients.

The Investment Adviser, however, may determine to allocate an investment opportunity in a different manner than is contemplated above, if such allocation is consistent with (i) the Investment Adviser's fiduciary duties and (ii) the terms of the governing documents of any affected Client, taking into account all relevant disclosures, consents and other relevant considerations. Any such adjustment to the general pro rata standard may take into account a variety of factors, to the extent relevant under the circumstances, including: (i) projected relative capital levels of the Eligible Clients; (ii) each Eligible Client's current and projected available cash for investment; (iii) the level of interests in an investment opportunity being offered currently and anticipated to be offered in the future; (iv) the size of current and projected investments by each Eligible Client in an investment opportunity; (v) the Eligible Clients' portfolio compositions and tax considerations; (vi) any limitations imposed by the portfolio manager of an Portfolio Fund or constraints on a Direct Investment regarding the size of the positions that may be taken (minimum or maximum) for an Eligible Client, thereby limiting the size of the Eligible Client's position or the availability of the investment opportunity; (vii) the existence of any contractual or regulatory limitations on an Eligible Client's making of investments; (viii) whether the risk-return profile of the investment opportunity is consistent with an Eligible Client's objectives; (ix) the need to re-size risk in an Eligible Client's portfolio and (x) the Eligible Clients' investment objectives and parameters (e.g., any maximum strategy or per-manager exposures).

The Investment Adviser will maintain documentation regarding any such allocation that does not follow the general pro rata standard.

Allocation between the Delphi Managed Accounts and the Funds. Certain Delphi managed accounts and certain Funds have similar investment programs with certain overlapping investments. In particular, certain Delphi Managed Accounts and certain Funds make Direct Investments in (i) mortgage-backed securities ("MBS"). Specific Guidelines with respect to the allocation of these investment opportunities are provided below.

(a)

MBS

Delphi Managed Account – MBS and certain Funds invest in MBS. While there is expected to be some overlap of MBS acquired for Delphi Managed Account – MBS and such Funds, the investment objectives of these Clients generally differ, as Delphi has been contributing capital to Delphi Managed Account – MBS over a period of time where

the Acorn Funds invest in MBS less frequently. When there is overlap in MBS investments between Delphi Managed Account - MBS and the Funds, the allocations generally will be pro rata based on available cash for investments, subject to adjustments based on the factors outlined above. In addition, a proprietary account of the Investment Adviser will also participate in MBS trades, which trades will be allocated in accordance with the allocation policies above.

(d) Other Investments

Other overlapping investments, including investments in Portfolio Funds and Direct investments between the Delphi Managed Accounts and the Funds will generally be allocated pro rata based on available capital, subject to adjustments based on the factors outlined above. In addition, the Acorn senior executive who serves as an executive officer of Delphi (and any other Employees performing services for Delphi) must present investment opportunities sourced in the performance of their duties for Delphi to Acorn Advisory Clients if such investment opportunities may be suitable for our Clients' investment programs. Such investment opportunities generally will be allocated pro rata based on available capital for the relevant strategy, subject to adjustments based on the factors outlined above.

Documentation. Each allocation decision is made based on the total mix of factors deemed relevant by the Investment Adviser, with no pre-specified weight accorded to any one factor. Nevertheless, to the extent an allocation is made other than on a pro rata basis pursuant to a factor or factors set forth above, a description of the rationale and relevant facts of the allocation determination shall be memorialized in writing by the Investment Adviser.

3. Transaction Costs

Each Client that participates on the same date in the acquisition or disposition of interests in a Portfolio Fund should do so at the same net asset value or price per share, as applicable, and should be subject to the same transaction cost structure, to the extent applicable.

ITEM 7

TYPES OF CLIENTS

The Investment Adviser generally provides advice to the Funds and the Other Accounts as described above. Currently, the Investment Adviser provides discretionary advice to the Funds and to a high net worth individual via a separately managed account, and non-discretionary advice to insurance companies via separately managed accounts.

The Investment Adviser generally imposes minimum initial and additional investment requirements in order for investors to make an investment in the Funds, which may vary depending on the Fund or class of interests/shares and are disclosed in the respective Fund's Offering Documents.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. The information disclosed below is a summary only, and more detailed information applicable to each Client is set forth in each Client's Offering Documents, limited partnership agreement or Advisory Agreement (as applicable).

In providing investment advice to the Clients, the Investment Adviser's strategy will include the allocation of capital of certain Clients to a diversified group of Portfolio Managers, who in turn invest this capital in underlying securities and investments. Such Clients may invest in the limited partnership interests, shares, or other securities issued by investment vehicles sponsored by such Portfolio Managers or may invest in separately managed accounts with such Portfolio Managers. The Portfolio Managers may use various strategies including, without limitation, hedged equity, equity long/short, event-driven, credit and distressed and tactical trading. The Investment Adviser will also opportunistically invest directly in a broad spectrum of securities, depending on the guidelines of each Client, and Other Account. To this end, the Investment Adviser is unconstrained in choosing and executing investment ideas on behalf of the Funds. The Funds may invest in various asset classes including, without limitation, common stock, sovereign debt, mortgage backed securities, municipal bonds, distressed securities, currencies, options, futures and master limited partnerships.

The Investment Adviser also executes its investment strategy by having the Master Fund trade securities directly (together, the "Direct Investments"). The discussion of the Portfolio Manager strategies below would therefore also pertain to any Direct Investments made by the Investment Adviser on behalf of any Client. The Investment Adviser or its affiliates also provide management administration services to the investment vehicles it manages.

The Investment Adviser will identify, research, interview, evaluate, select and monitor the performance of the Portfolio Managers with whom the Investment Adviser invests. The Portfolio Managers with whom the Investment Adviser invests generally use non-traditional methods of investing to seek returns. The Investment Adviser determines its allocation among various investment strategies and asset classes based on the current economic environment, and then selects Portfolio Managers within these strategies and asset classes based on various criteria. These criteria, which are assessed on the basis of extensive due diligence, include, among others, the historical absolute and relative investment performance of the Portfolio Manager and volatility of such performance, the extent of market directionality entailed in the investment program, the Portfolio Manager's risk

management policies and practices, the level of leverage utilized, the liquidity of the underlying investment portfolio, the level of the Portfolio Manager's personal investment in the investment vehicle, the Portfolio Manager's operational and compliance capabilities and the quality of its management and investment professionals. The Investment Adviser also utilizes fundamental security analysis before investing directly in any securities.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Investment Adviser.

The Investment Adviser has identified the following material, significant or unusual risks relating to the various investment strategies:

Independent Portfolio Managers. The Portfolio Managers trade wholly independently of one another and may at times hold economically offsetting positions. To the extent that the Portfolio Managers do, in fact, hold such positions, a Client may not achieve any gain or loss despite incurring expenses. In addition, there may often be times when a particular Portfolio Manager may receive performance-based compensation in respect to a Client's investments for a period even though the Client's overall portfolio depreciated during such period. Alternatively, it is possible that Portfolio Managers may take substantial positions in the same security at the same time. This would interfere with a Client's diversification objectives. The Portfolio Managers are generally not required to follow any specific concentration restrictions and may at times (individually or collectively) accumulate substantial positions in one or more securities, thereby exposing the Funds to the possibility of substantial losses. Some Portfolio Managers may also compete with each other from time to time for the same positions in certain markets. Such competition may adversely affect the performance of the Portfolio Funds managed by such Portfolio Managers.

Limited Diversification. Certain Clients seek to diversify their assets through investments with various Portfolio Managers. Such diversification may not be achieved as a result of insufficient investment opportunities or insufficient investable assets as a result of insufficient contributions or withdrawals/redemptions by investors. In addition, because certain Clients seek to diversify among Portfolio Managers to reduce the potential for losses, such diversification may actually adversely affect the overall performance of the Clients, because the Clients' return as a whole may be adversely affected by the unfavorable performance of even a single Portfolio Manager. The Clients are not restricted as to the percentage of the assets that may be invested in any particular issuer, industry, instrument, market or geographic region.

Direct investments may be concentrated in a limited number or types of securities. In addition, the Funds' portfolios may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

Misconduct or Bad Judgment of Portfolio Managers. It will be difficult, if not impossible, for the Investment Adviser to protect applicable Clients from the risk of Portfolio Manager fraud, misrepresentation, material strategy alteration or poor judgment. Although Portfolio Managers are required to adhere to the offering documents for the respective Portfolio Funds, the Investment Adviser cannot control the investments made by a Portfolio Manager. Further, when Clients invest in a Portfolio Fund, they do not have custody of the assets of such Portfolio Fund. Therefore, there is always the risk that the personnel associated with such Portfolio Fund could abscond with the Portfolio Fund's securities or funds (or both) resulting in losses to the Clients.

Turnover. Certain Clients' activities involve investment in Portfolio Funds, which may invest on the basis of short-term market considerations. The turnover rate within the Portfolio Funds may be significant, potentially involving substantial brokerage commissions and fees. Clients will have no control over this turnover. In addition, the withdrawal/redemption of Clients from a Portfolio Fund could involve expenses to such Clients under such Portfolio Fund's terms.

Newly-Formed Portfolio Funds and Portfolio Managers. From time to time, certain Clients may invest in newly or recently formed Portfolio Funds and "emerging" Portfolio Managers. To the extent such a Portfolio Fund or Portfolio Manager is in an early stage of formation or operation, there may be a number of operational and other issues that make these types of investments highly speculative. For example, in its early stages, a Portfolio Manager may have little capital available to cover expenses and, accordingly, may have difficulty attracting qualified personnel. An emerging Portfolio Manager may face competition from other investment funds, which may be more established, have a larger number of qualified personnel and benefit from a larger capital base. There is no guarantee that such investment management firms will be able to overcome these obstacles and generate any profits.

Advisory Accounts. Certain Clients may place assets with Portfolio Managers by opening discretionary managed accounts rather than investing in Portfolio Funds and other private investment companies. Managed accounts expose such Clients to theoretically unlimited liability, and it is possible, given the leverage at which certain of the Portfolio Managers will trade, that Clients could lose more in a managed account directed by a particular Portfolio Manager than such Clients had allocated to such Portfolio Manager to invest.

Proprietary Investment Strategies. A Portfolio Manager may use proprietary investment strategies that are based on considerations and factors that are not fully disclosed to the Investment Adviser or the Clients. These strategies may involve risks under some market conditions that are not anticipated by the Portfolio Manager, the Investment Adviser or the Clients. The Portfolio Managers generally use investment strategies that differ from those typically employed by traditional managers of portfolios of stocks and bonds. The strategies employed by the Portfolio Managers may involve significantly more risk and higher transaction costs than more traditional investment methods. The Investment Adviser will seek to reduce these risks by spreading the investments of the applicable Clients among a variety of different Portfolio Managers using investment strategies with returns that are not expected to be highly correlated with one another. However, it is possible that the performance of the Portfolio Managers may be closely correlated in some market conditions, resulting (if those returns are negative) in significant losses to such Clients and their investors.

Hedging Transactions. The Clients or underlying Portfolio Managers may utilize various financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of an investment portfolio resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect a Client's or Portfolio Fund's unrealized gains in the value of its investment portfolio, (iii) facilitate the sale of any portfolio investments, (iv) enhance or preserve returns, spreads or gains on any investment in the portfolio, (v) hedge the interest rate or currency exchange rate on any Client's or Portfolio Fund's liabilities or assets, (vi) protect against any increase in the price of any securities that a Client or Portfolio Manager anticipates purchasing at a later date, or (vii) for any other reason that the Investment Adviser or a Portfolio Manager may deem appropriate.

The success of a hedging strategy will be subject to the Investment Adviser's or a Portfolio Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics and market sensitivity of many securities change as markets change or time passes, the success of the Investment Adviser's or a Portfolio Manager's hedging strategies will also be subject to its ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

The Investment Adviser and Portfolio Managers generally will not be obligated to establish hedges for portfolio positions and may decline to do so. To the extent that hedging transactions are effected, their success is dependent on the Investment Adviser's or a Portfolio Manager's ability to correctly predict movements in the direction of currency and interest rates and a hedging transaction may result in a poorer overall performance had the Investment Adviser or such Portfolio Manager not engaged in such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Investment Adviser or a Portfolio Manager may not seek to establish a perfect correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Investment Adviser or a Portfolio Manager from achieving the intended hedge or expose it to additional risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Client's or Portfolio Fund's holdings.

Arbitrage Strategies. The success of the arbitrage strategies employed by the Investment Adviser or certain Portfolio Managers depends on the ability of such managers to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the capital markets. Identification and exploitation of the trading strategies to be pursued by the Portfolio Managers involves uncertainty. No assurance can be given that Portfolio Managers will be able to correctly locate trading opportunities or exploit price discrepancies in the capital markets. In the event that the perceived mispricings underlying the arbitrage positions of Portfolio Managers were to fail to converge toward, or were to diverge further from, relationships expected by such Portfolio Managers, the Clients may incur losses. The arbitrage strategies of Portfolio Managers may result in greater portfolio turnover and, consequently, greater transaction costs. Depending upon the trading strategies employed and market conditions, Clients may be adversely affected by unforeseen events involving such matters as changes in market liquidity, interest rates or the credit status of an issuer, forced redemptions of securities or acquisition proposals.

Event-Driven Strategies. With respect to the Clients' or Portfolio Funds' event-driven investments, the Investment Adviser or Portfolio Managers will have to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, a meaningful change in management or the sale of a division or other significant assets by a company may not be valued as highly by the market as the Investment Adviser or a Portfolio Manager had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors.

Illiquid Securities. The Investment Adviser or the Portfolio Funds will invest a portion of their assets in securities that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities tend to be volatile and such securities may not be able to be sold when it is desirable to do so or to be realized at their perceived fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

The Funds' portfolios (including Direct Investments and investments through the Portfolio Managers) will primarily consist of marketable securities; provided, however, a portion of the Funds' portfolios may be invested in illiquid positions such as private equity and specialized loans. The Investment Adviser may also use leverage in connection with the Direct Investments and the Portfolio Funds.

Investments Will Be Leveraged. Leverage may be used by the Clients as well as by Portfolio Managers. Certain Clients may borrow funds when deemed appropriate by the Investment Adviser, including to make investments and distributions in respect of withdrawals/redemptions. Portfolio Managers may buy and sell securities on margin, increasing the volatility of the Clients' investments. Trading securities on margin, unlike trading in futures (which also involves margin), will result in interest charges and, depending on the amount of trading activity, such charges could be substantial. The low margin deposits normally required in futures and forward trading permit a high degree of leverage. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial losses to the investor. Irrespective of the risk control objectives of certain Clients' multi-asset, multi-manager approach, such a high degree of leverage necessarily entails a high degree of risk. In addition, there can be no assurance that brokers will either continue to provide margin on the same terms and at the same levels, or that such brokers and other lenders will approve extensions of credit at the levels requested. Any restriction on the availability of credit from such parties could adversely affect the Client's performance. The risks involved in the use of leverage are increased to the extent that each Client itself leverages its capital. Although use of leverage increases the opportunity for higher returns on investments, it also increases the risk of loss.

While leverage presents opportunities for increasing the Client's or a Portfolio Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Client or a Portfolio Fund would be magnified to the extent the Client or Portfolio Fund is leveraged. The cumulative

effect of the use of leverage by the Client or a Portfolio Fund in a market that moves adversely to the Client's or the Portfolio Fund's investments could result in a substantial loss to the Client which would be greater than if the Client or the Portfolio Fund were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Clients. For example, should the securities pledged to brokers to secure a Portfolio Fund's accounts decline in value, a Portfolio Fund could be subject to a "margin call", pursuant to which such Portfolio Fund must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of a Portfolio Fund's, such Portfolio Fund might not be able to liquidate assets quickly enough to satisfy their margin requirements.

In the event that the Clients enter into an investment advisory agreement with a Portfolio Manager that utilizes leverage in its investment program, the Clients may become subject to claims by financial intermediaries that extended "margin" loans in respect of such advisory account.

General Municipal Market Risk. The Funds invest in, among other things, municipal bonds and related securities. The municipal securities market is fragmented, with significant variations in economic conditions, credit quality, and supply-demand fundamentals. It may be difficult to hedge the credit risk of specific municipal bonds, because it is often not possible to take a short position or purchase credit default swap ("CDS") protection with respect to a given municipal bond. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Furthermore, because the municipal market is predominantly a retail buyer-driven market, municipal bond prices are very sensitive to retail fund flows from mutual funds and other retail accounts. Events affecting Puerto Rico, Detroit, Chicago, or other municipalities and related bond issuers that are distressed or otherwise financially challenged, such as a default or a restructuring by a large municipality, may cause a sell-off in the municipal market as related news headlines will negatively impact municipal bond pricing.

C. Risks Associated With Particular Types of Securities.

The Investment Adviser has identified the following risks associated with particular types of securities (note that these risks should be read in conjunction with the risks identified in Item 8B):

Equity Securities. Direct Investments and/or a Portfolio Manager's investment portfolio may include equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments. For example, beginning in September 2008, world financial markets experienced extraordinary market conditions resulting in extreme volatility in the global equity markets.

Fixed Income Investments. The value of the fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in

fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Client's profitability or result in losses.

Small and Medium Capitalization Companies. The Investment Adviser or Portfolio Managers may invest in the stocks and other securities of companies with small- to medium-sized market capitalizations, including growth-stage companies. While such companies may provide significant potential for appreciation, smaller-capitalization stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid.

Foreign Investments. The Investment Adviser or Portfolio Managers may invest in securities of foreign corporations and foreign countries. Investing in the securities of companies (and, from time to time, governments) of foreign countries involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; imposition of withholding and other taxes; the small size of the securities markets in some of such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; and certain government policies that may restrict the Portfolio Manager's investment opportunities.

Additionally, a portion of a Client's assets may be invested by the Investment Adviser or Portfolio Funds in debt and equity securities denominated in various currencies (other than the U.S. dollar) and in other financial instruments, the price of which is determined with reference to such currencies. Each Client, with the exception of Acorn EUR however, values its investments and other assets in U.S. dollars. Acorn EUR is valued in euros. To the extent unhedged, the value of the Clients' net assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the Clients' investments in the various local markets and currencies. Forward currency contracts and options may be utilized by Portfolio Managers to hedge against currency fluctuations, but the Portfolio Managers are not required to hedge and there can be no assurance that such hedging transactions, even if undertaken, will be effective. Moreover, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in foreign countries than there is in the U.S.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment

for derivative instruments is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Clients.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities 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 were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Portfolio Manager or in a Direct Investment due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which the Investment Adviser or a Portfolio Manager would otherwise recommend, to the possible detriment of the Clients. Market illiquidity or disruption could result in major losses to the Clients. In addition, managed accounts or investment funds in which the assets of the Clients are invested may be exposed to credit risks with regard to counterparties with whom the Portfolio Managers trade as well as risks relating to settlement default. Such risks could result in substantial losses to the Clients. To the extent possible, the Investment Adviser endeavors to select Portfolio Managers that it believes deal only with counterparties that are creditworthy and reputable institutions, but such counterparties may not be rated investment grade.

Swap Agreements. Direct Investments or a Portfolio Manager’s investment portfolio may include swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Portfolio Fund’s exposure to equity securities, long-term or short-term interest rates, foreign currency values, corporate borrowing rates, or other factors. Swap agreements can take many different forms and are known by a variety of names.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of each Client’s or a Portfolio Fund’s portfolio. The most significant factor in the performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the counterparties. If a swap agreement calls for payments by a Portfolio Fund, such Portfolio Fund must be prepared to make such payments when due. In addition, if a counterparty’s creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses to the Clients.

Short Selling. The Clients and/or Portfolio Managers may engage in short selling. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in the value of securities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no

assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Options. The Clients or underlying Portfolio Managers may purchase and sell (“write”) options on equities on national and international securities exchanges and in the domestic and international over-the-counter markets. The seller (“writer”) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security, plus the premium received, and gives up the opportunity for gain on the underlying security below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is “fully hedged” if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security, the loss on the put will be offset in whole or in part by any gain on the underlying security.

The writer of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the value of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Clients or underlying Portfolio Funds may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Investments in Undervalued Securities. A Client or Portfolio Fund may make certain speculative investments in securities which the Investment Adviser or Portfolio Manager believes to be undervalued. However, the identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired.

Commodity-Related Instruments. The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience

greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Commodity Futures Contracts. Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and a Client or Portfolio Manager may be required to maintain a position until exercise or expiration, which could result in losses.

Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Client or Portfolio Manager from promptly liquidating unfavorable positions and subject the Clients to substantial losses. In addition, the Investment Adviser or a Portfolio Manager may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the Commodity Futures Trading Commission (“CFTC”) may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.

The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures markets are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures markets are less onerous than margin requirements in the securities markets. Therefore, increased participation by speculators in the futures markets may also cause temporary price distortions. Successful use of stock index futures contracts by the Investment Adviser or a Portfolio Manager is also subject to the Investment Adviser’s or Portfolio Manager’s ability to correctly predict movements in the direction of the market.

Foreign Futures or Options Contracts. The Clients and/or Portfolio Funds may trade foreign futures or options contracts. Transactions on markets located outside the United States, including markets formally linked to a United States market, may be subject to regulations which offer different or diminished protection to this pool and its participants. Further, United States regulatory authorities may be unable to compel the enforcement of the

rules of regulatory authorities or markets in non-U.S. jurisdictions where transactions for such Clients and/or Portfolio Funds may be effected.

Trading in Currencies. The Clients and/or Portfolio Funds may enter into spot and forward currency contracts or invest in currency futures contracts and options on currencies and futures to hedge currency risk by shifting exposure to foreign currency fluctuations from one currency to another with respect to the Client or Portfolio Fund. Currency transactions made on a spot (i.e., cash) basis are at the spot rate prevailing in the currency exchange market. A forward currency contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces the Client's or Portfolio Fund's exposure with respect to its investment to changes in the value of the currency it will deliver and increases the Client's or Portfolio Fund's exposure to changes in the value of the currency it will receive for the duration of the contract.

A risk in the trading contemplated by the Clients and Portfolio Funds is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by the Clients and/or Portfolio Funds will be affected generally by relative interest rates, which in turn will be influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, government intervention with regard to interest rates. The Clients and/or Portfolio Funds will be exposed in the interbank market to risks associated with any government or market action that might suspend or restrict trading or otherwise render illiquid, in whole or in part, a Client's or Portfolio Fund's position. The effect of such intervention is often heightened by a group of governments acting in concert.

At or before the maturity of a forward currency contract, the Client or Portfolio Fund may either make delivery of the currency, or terminate its contractual obligation to deliver the currency by buying an "offsetting" contract obligating it to buy, on the same maturity date, the same amount of the currency. If the Client or Portfolio Fund engages in an offsetting transaction, it may later enter into a new forward currency contract to sell the currency. If the Client or Portfolio Fund engages in an offsetting transaction, it will incur a gain or loss to the extent that there has been movement in forward currency contract prices. If forward prices go down during the period between the date the Client or Portfolio Fund enters into a forward currency contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Client or Portfolio Fund will realize a gain to the extent that the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to buy. If forward prices go up, the Client or Portfolio Fund will suffer a loss to the extent the price of the currency it has agreed to buy exceeds the price of the currency it has agreed to sell.

Investments in Distressed Securities. The Clients and/or Portfolio Managers may invest in "below investment grade" securities and obligations of domestic and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments

although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry, or specific developments within such companies. In addition, there may be no minimum credit standard that is a prerequisite to a Client's or Portfolio Manager's investment in any instrument, and a significant portion of the obligations and preferred stock in which a Client or Portfolio Manager may invest may be less than investment grade. Any one or all of the issuers of the securities in which the Clients and/or Portfolio Managers may invest may be unsuccessful or not show any return for a considerable period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that the Investment Adviser or Portfolio Managers will correctly evaluate the value of the assets collateralizing the Clients' or Portfolio Managers' loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client or Portfolio Manager invests, the Client or Portfolio Manager may lose its entire investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Client's or Portfolio Manager's investments, may not compensate adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Client or Portfolio Manager.

In certain transactions, the Clients or Portfolio Managers may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Investments in High-Yield Securities. The Investment Adviser or Portfolio Managers may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace which is less transparent than the exchange-traded marketplace. In addition, Portfolio Managers may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing these instruments. High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may

be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Bankruptcies and Reorganizations. The Investment Adviser or Portfolio Managers may invest in loans made to, and securities and other indebtedness (including trade claims) of, companies which are operating in bankruptcy, may imminently file for bankruptcy or are operating in financial distress. The Portfolio Managers or the Investment Adviser may trade in securities to be issued under a plan of reorganization on a "when issued" basis and may acquire equity securities as a result of its trading activities relating to companies in bankruptcy or reorganization proceedings, including controlling positions.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Portfolio Managers or Investment Adviser. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Portfolio Managers or the Investment Adviser; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Although the Clients intend to invest primarily in Portfolio Funds investing in debt, the debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

Bank Loans. Portfolio Managers or the Investment Adviser may invest in bank loans to highly-leveraged companies. Such loans typically rank ahead of publicly-traded debt securities in terms of liquidation preference and security, but are generally much less liquid. The loans are generally priced to reflect the risk of default of the borrower, at rates which typically exceed the Secured Overnight Financing Rate (SOFR) or London Interbank Offer Rate (LIBOR) by 200 or more basis points. Security interests granted with respect to the loans generally allow for substantially higher recovery in the event of a reorganization or liquidation of the borrower. The Portfolio Managers or Investment Adviser may finance

a portion of the purchase of such loans, which generally pay interest on a floating rate basis, with floating rate borrowings.

Bank loans are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Portfolio Manager or Investment Adviser to directly enforce its rights with respect to participations.

Senior Secured Loans. Senior secured loans and participations are subject to risks, including: (i) the possible invalidation, avoidance, unwinding or subordination of an investment transaction; (ii) so-called lender liability claims; (iii) environmental liabilities; (iv) limitations on the ability to directly enforce compliance by the obligor with the terms of the loan or credit agreement or enforce (or retain all the proceeds realized from) any rights of set-off against the obligor; and (v) the possibility of being outvoted by other lenders in syndicated senior secured loans on important issues. In addition, these investments may be subject to the risk that the Clients' security interests in the underlying collateral are not properly or fully perfected. Compounding these risks, the collateral securing debt investments will often be subject to casualty or devaluation risks. In addition, certain Clients may invest in senior loans that, unlike typical senior loans, have limited mandatory amortization requirements. Lastly, the characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a portfolio company. Portfolio companies may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which the Clients invest.

Subordinated Debt. Clients may invest in subordinated debt. If a portfolio company defaults on such debt or on debt senior to a Client's investment, or in the event of the bankruptcy of a portfolio company, the investment held by such Clients will be recovered only after the senior debt is repaid in full. Under the terms of typical subordination agreements, senior creditors may be able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as investors. Accordingly, Clients may not be able to take the steps necessary or sufficient to protect their investments in a timely manner or at all. In addition, subordinated debt may not always be protected by financial covenants or limitations upon additional indebtedness and may not be rated by a credit rating agency. If a portfolio company declares bankruptcy, Clients may not have full or any recourse to the assets of the portfolio company or the assets of the portfolio company may not be sufficient to repay the Clients' investments in full. The level of risk associated with investments in subordinated debt increases if such investments are in distressed or below investment grade issuers.

Mortgage-Backed and Asset-Backed Securities. Direct Investments and/or a Portfolio Manager's investment portfolio will include mortgage-backed securities, asset-backed securities, collateralized debt obligations and other similar instruments representing interests in pools of underlying residential or commercial mortgage loans, commercial loans, lease obligations, or other assets. Payments of principal and interest on the underlying loans are passed through to the holders of mortgage-backed and asset-backed securities over the lives of the securities. The investment characteristics of mortgage-backed and asset-backed securities differ significantly from traditional debt securities. Among the major differences

are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying residential or commercial mortgage loans or other assets generally may be prepaid at any time. Early repayments of principal can ordinarily be expected to accelerate during periods of declining interest rates. For certain types of asset pools, such as collateralized mortgage obligations, prepayments may be allocated to one tranche of securities ahead of other tranches, in order to reduce the risk of prepayment for the other tranches. On the other hand, mortgage-backed and asset-backed securities are subject to substantially the same risk of depreciation during periods of rising interest rates as other fixed-income securities. Direct Investments and/or a Portfolio Manager's investment portfolio may also include derivative mortgage-backed securities, such as principal-only and interest only or inverse floating-rate securities, which are more exposed to mortgage repayments, and which therefore generally involve a greater amount of risk. Small changes in repayments can significantly impact the cash flow and the market value of these securities. In addition, particular derivative securities may be leveraged such that their exposure (*i.e.*, price sensitivity) to interest rate and/or prepayment risk is magnified.

Loan Participations. The Investment Adviser or Portfolio Managers may invest in loan participations. Investment in loan participations involves certain risks in addition to those associated with direct loans. A loan participant has no contractual relationship with the borrower of the underlying loan. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a default, and may not have the right to object to amendments or modifications of the terms of such loan agreement. A participant in a syndicated loan generally does not have the voting rights, which are retained by the lender. In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay its percentage of payments of principal and interest received on the underlying loan.

Municipal Securities. The Direct Investments or a Portfolio Manager's investment portfolio will include municipal securities. Various factors may adversely affect the value and yield of municipal securities. These factors include political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. To the extent that Clients invest heavily in a particular state's municipal securities, the Clients will be more vulnerable to factors affecting that state. The Clients' investments in revenue securities, where principal and interest payments are made from the revenue of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant impact on the project's ability to make payments of principal and interest on these securities.

Exchange Traded Funds. ETFs are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF investors are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each investor of an ETF bears a pro rata portion of the ETF's expenses, including management fees.

Accordingly, in addition to bearing their proportionate share of the Client's expenses (e.g., Management Fees and operating expenses), investors may also indirectly bear similar expenses of an ETF.

Real Estate Investment Trusts.

Risks of investing in real estate investment trusts (REITs) are similar to those associated with direct investments in real estate, including falling property values due to increasing vacancies or declining rents resulting from economic, legal, political or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions. The performance of REITs is generally dependent upon the quality of internal management. Most REITs are not diversified and may be concentrated by region and/or property type. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. In addition, REITs could possibly fail to qualify for pass-through of income under applicable tax law if they are not managed correctly. Other factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments which may have a negative impact on the share price of the security.

Master Limited Partnership Risk. An investment in a master limited partnership ("MLP") unit involves risks that differ from those associated with investments in similar equity securities, such as common stock of a corporation. Holders of MLP units usually have the rights typically afforded to limited partners in a limited partnership, and as such have limited control and voting rights on matters affecting the MLP. In addition, there is the risk that an MLP could be, contrary to its intention, taxed as a corporation, resulting in decreased returns from such MLP. Further, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of the MLP, including those arising from incentive distribution payments.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts ("ADRs") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("GDRs") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S.

companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Digital Assets. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of the Clients' funds that reside on an exchange that shuts down may be lost. Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow.

Digital Asset Trading is Volatile and Speculative. Digital Assets represent a speculative investment and involve a high degree of risk. As relatively new products and technologies, Digital Assets have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Conversely, a significant portion of the demand for Digital Assets is generated by speculators and investors seeking to profit from the short or long-term holding of Digital Assets. The relative lack of acceptance of Digital Assets in the retail and commercial marketplace limits the ability of end-users to pay for goods and services with Digital Assets. A lack of expansion by Digital Assets into retail and commercial markets, or a contraction of such use, may result in increased volatility.

Business, Terrorism and Catastrophe Risks. Clients will be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on the Investment Adviser's business and Clients' portfolios including investments made by the Investment Adviser.

Cybersecurity Risks. The Investment Adviser and its service providers are subject to risks associated with breaches in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications 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. A cybersecurity breach could expose the Investment Adviser to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, potential need for increased and upgraded cybersecurity measures, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action.

While the Investment Adviser has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent,

cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, none of the Investment Adviser or the General Partner can control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Investment Adviser and/or the issuers in which the Investment Adviser invests.

Conflict in Ukraine. Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on Clients and their investments.

ITEM 9 DISCIPLINARY INFORMATION

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

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

The Investment Adviser is registered as a Commodity Pool Operator with the CFTC and is a member of the National Futures Association (“NFA”). In connection therewith, certain of the Investment Adviser’s personnel are listed and/or registered as Principals and/or Associated Persons of the firm.

C. Material Relationships or Arrangements with Industry Participants.

Certain senior personnel of the Investment Adviser, including a member of the investment committee for the Build Funds (the “Investment Committee”), also serves as a senior executive officer of Delphi, the sole owner of the Investment Adviser. In addition, the Investment Adviser provides advisory services to certain Other Accounts, including the Delphi Managed Accounts, BPC and Acorn EUR. Certain potential conflicts of interest arise from time to time by virtue of such personnel having obligations to both the Investment Adviser and Delphi, which obligations may at times conflict or create incentives to favor one over the other. To seek to mitigate such potential conflicts of interest, the Investment Adviser has implemented certain policies and procedures, including policies and procedures with respect to allocation of investment opportunities (as described in Item 6) and additional procedures with respect to the prohibition on insider trading and information barriers.

Two members of Acorn’s investment committee are also principals in Acore Capital, L.P. (“Acore”), an SEC registered investment advisor specializing in real estate debt and real estate securities. Delphi, the Investment Adviser’s sole owner, separately invests in securities offered by Acore, but the Investment Adviser does not currently recommend Acore’s investments to Clients.

The Investment Adviser and certain of its related parties share certain personnel, back office functions, office space, and facilities in common with Delphi.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Investment Adviser does not recommend or select other Investment Advisers for its Clients.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics.

As Investment Adviser, the Investment Adviser stands in a position of trust and confidence with respect to its Clients. Accordingly, the Investment Adviser has a fiduciary duty to place the interests of its Clients before the interests of the Adviser and its employees. In order to assist the Investment Adviser and its employees in meeting their obligations as fiduciaries, the Investment Adviser has adopted a Code of Ethics (the “Code”). The Code incorporates the following general principles which all employees are expected to uphold:

- They must at all times place the interests of the Clients first.
- All personal securities transactions must be conducted in a manner consistent with the Code and avoid any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility.
- Employees must not take any inappropriate advantage of their positions at the Investment Adviser.
- Information concerning the identity of securities held by, and the financial circumstances of, the Clients and investors in the Clients must be kept confidential.
- Independence in the investment decision-making process must be maintained at all times.

The Investment Adviser believes that these general principles not only help it fulfill its fiduciary obligations, but also protect the Investment Adviser's reputation and instill in its employees the Investment Adviser's commitment to honesty, integrity and professionalism. Employees should understand that these general principles apply to all conduct, whether or not the conduct also is covered by more specific standards or procedures. Failure to comply with the Code may result in disciplinary action, including termination of employment.

The complete Code is available to investors in the Clients upon request.

B. Securities That An Employee or a Related Person Has a Material Financial Interest.

The Investment Adviser may determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

In certain limited circumstances, the Investment Adviser may engage in principal transactions in accordance with Section 206(3) of the Advisers Act. Section 206(3)

of the Advisers Act requires an investment adviser to provide written disclosure to a Client and obtain the Client's consent prior to settlement of any principal transaction. The written disclosure must state that the adviser is acting as principal and describe the material terms of the transaction, which generally include (i) the adviser's original purchase price for any security it sells to a Client; (ii) the price the adviser expects to receive on the resale of any security it buys from a Client; and (iii) the price at which a security could be bought or sold elsewhere when the price would be better for the Client.

The application of Section 206(3) with respect to transactions involving a Client may not always be clear. Some of the issues can include (i) determining whether a Client should be viewed as a principal account of an Investment Adviser and (ii) determining who on behalf of the Client can receive the written disclosure and provide the necessary consent. Accordingly, any potential principal transaction, including any Cross Trade between any of the Clients, must be presented to the Chief Compliance Officer for review prior to being consummated. The Chief Compliance Officer will determine whether or not the transaction would constitute a principal transaction, and if so, whether all required Client notice and consent requirements have been satisfied. The Chief Compliance Officer will then determine whether or not to proceed with the transaction.

C. Investing in Securities That an Employee or Related Person Recommends to Clients.

The Investment Adviser and its affiliates may engage in investment activities for its own accounts. Such activities may involve the purchase and sale of investments (including, but not limited to, investments in the investment vehicles of Portfolio Managers of the type described above) that are the same as or similar to, but in different amounts or at different times than, those purchased or sold on behalf of the Clients. The Investment Adviser or its affiliates may also, from time to time, make an investment while, at the same time, it is selling the same for a Client (or *vice versa*). Such transactions are subject to the Code of Ethics of the Investment Adviser and its affiliates. Such policy contains various reporting requirements and restrictions on personal securities transactions by the Investment Adviser's and its affiliates' access persons, as defined therein. The Code of Ethics contains, in addition to general requirements concerning compliance with applicable securities laws, pre-approval requirements for certain securities transactions by such access persons.

D. Conflicts of Interest Created by Contemporaneous Trading.

The Investment Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest that may arise. Please refer to Item 6 for a discussion of such policies and procedures.

ITEM 12

BROKERAGE PRACTICES

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

The Portfolio Managers, and the Investment Adviser and its affiliates when making Direct Investments, allocate portfolio transactions to brokers on the basis of best execution. In selecting brokers and dealers to effect portfolio transactions, the Portfolio Managers, and the Investment Adviser and its affiliates when making Direct Investments, have authority to, and may, consider such factors including, but not limited to, price, the ability of the brokers and dealers to effect the transaction, their facilities, reliability and financial responsibility and any research or other services or property provided by such brokers and dealers.

1. Research and Other Soft Dollar Benefits.

Research or other services or property provided by brokers and dealers are generally of benefit to Clients of the Portfolio Managers, including the Funds, but may not directly relate to any transactions for the benefit of the Funds. If a Portfolio Manager (or the Investment Adviser) determines in good faith that the amount of transaction costs (e.g., commissions, markups and markdowns) imposed by a broker or dealer is reasonable in relation to the value of the products or services provided by such broker or dealer, the Portfolio Managers (or the Investment Adviser) may incur transaction costs to such broker or dealer in an amount greater than the amount that might be incurred if another firm were used. "soft dollar" payments or rebates of amounts paid to brokers and dealers may arise from over-the-counter principal transactions, as well as exchange traded agency transactions. Portfolio Managers may use soft dollars generated on transactions outside of the safe harbor of Section 28(e) of the Exchange Act to obtain non-brokerage or non-research products or services. To the extent the Investment Adviser uses soft dollars, such use will be within the safe harbor of Section 28(e) of the Exchange Act.

2. Brokerage for Client Referrals.

Neither the Investment Adviser nor any related person receives Client referrals from any broker-dealer or third party. However, subject to best execution, the Investment Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Clients in selecting or recommending broker-dealers for the Clients.

3. Directed Brokerage.

The Investment Adviser does not recommend, request or require that a Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

B. Order Aggregation.

In the instances in which the Clients directly engage in transactions involving securities such as stocks or bonds, the Investment Adviser may, in circumstances believed to be appropriate, bunch or aggregate orders for several Clients. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume

of securities purchased or sold. When this occurs, the various prices may, in the Investment Adviser's discretion, be averaged and accounts will be charged or credited with the average price in fairness to all participating Clients. The effect of such aggregation may operate in certain instances to a Client's disadvantage, but is intended to be fair and equitable over time.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

With regard to the Portfolio Funds, the Investment Adviser reviews accounts twice per month by obtaining performance information from the Portfolio Funds with which the Clients invest, which is compared to the managers' respective peer groups. Any performance outside of the expected range (positive or negative) is followed up by communications with the Portfolio Manager to obtain an explanation of the reasons for the performance variation. All Portfolio Fund performance is accumulated in the Investment Adviser's internal portfolio accounting system which produces portfolio balances and performance for each Client twice monthly. Each Client's Direct Investments is monitored on a more frequent basis.

In the case of the Build Funds' Direct Investments, securities and cash are reconciled daily by the Investment Adviser and the Build Funds' accounting group. Performance is calculated daily and is reconciled monthly to the Fund's administrator. Performance reviews are performed by the Chief Operating Officer, and members of her staff under her supervision.

B. Content and Frequency of Account Reports to Clients.

The Investment Adviser generally provides annual audited financial statements to its Funds within 120 or 180 days of the applicable Fund's fiscal year end.

Investors in the Funds receive a monthly letter from the Investment Adviser documenting the performance of the Fund in which they invest, although the Investment Adviser may provide certain investors with information on a more frequent and detailed basis if agreed to by the Investment Adviser. In addition, the Investment Adviser issues investors audited financial statements concerning its respective Funds within 120 or 180 days of the end of the Fund's fiscal year.

The Funds may offer certain investors additional information and reporting that other investors may not receive. Such information could affect an investor's decision to request a withdrawal/redemption from the applicable Fund.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

The Investment Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals.

ITEM 15

CUSTODY

The Investment Adviser is deemed to have custody of the Funds' funds and securities because it has the authority to obtain funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or are deemed to have complied) with certain requirements of the Custody Rule with respect to each Client over which it is deemed to have custody because they comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Client be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Client distribute its audited financial statements to all investors within 120 days of the end of its fiscal year, and each Client that is structured as a "fund of funds" distribute its audited financial statements to all investors within 180 days of the end of its fiscal year.

ITEM 16

INVESTMENT DISCRETION

The Investment Adviser serves as the investment adviser with discretionary trading authority for each Client except for two of the Other Accounts, for which the Investment Adviser provides services on a non-discretionary basis.

The Investment Adviser's investment decisions and advice with respect to each Client are subject to each Client's investment objectives and guidelines, as set forth in its offering documents, partnership agreements, or investment management agreements.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Client, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority, where applicable.

ITEM 17

VOTING CLIENT SECURITIES

The SEC has adopted Rule 206(4)-6 under the Advisers Act. Under this rule, registered Investment Advisers that exercise voting authority over client securities are required to implement proxy voting policies and describe those policies to its clients.

The Chief Investment Officer of the Investment Adviser in the case of non-routine matters and the Chief Operating Officer of the Investment Adviser in the case of routine matters, are responsible for making all proxy voting decisions in accordance with these proxy voting policy and procedures (the “Policies”). The Chief Operating Officer is responsible for causing the actual voting of all proxies in a timely manner, while the Chief Compliance Officer is responsible for monitoring the effectiveness of the Policies. Note that the Chief Compliance Officer and Chief Operating Officer are a shared role in the firm.

The Investment Adviser may, from time to time, determine that it is in the best interests of a Client to depart from specific policies described herein. The Chief Compliance Officer will memorialize the rationale for any such departure in writing.

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to Portfolio Funds (collectively, “proxies”) in a manner that serves the best interests of a Client managed by the Investment Adviser, as determined by the Investment Adviser in its discretion, taking into account relevant factors, including:

- the impact on the value of the returns of the Portfolio Fund or other investment;
- the attraction of additional capital to the Portfolio Fund or other investment;
- alignment of the Portfolio Manager's or Investment Adviser's interests with its investor's interests, including establishing appropriate incentives for Portfolio Managers, where applicable;
- the costs associated with the proxy;
- impact on redemption or withdrawal rights;
- the continued or increased availability of portfolio information; and
- industry and business practices.

For routine matters, the Investment Adviser will vote in accordance with the recommendation of the Portfolio Manager, as applicable, unless, in the Investment Adviser's opinion, such recommendation is not in the best interests of the Client.

Non-routine matters involve a variety of issues and may be proposed by Portfolio Manager's investors in a Portfolio Fund.

All other decisions regarding proxies will be determined on a case-by-case basis taking into account the general policy, as set forth above.

The Investment Adviser will abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote if the Investment

Adviser determines that abstaining or not voting is in the best interests of the applicable Client. In making such a determination, the Investment Adviser 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.

At times, conflicts may arise between the interests of a Client, on the one hand, and the interests of the Investment Adviser or its affiliates, on the other hand. If an Investment Adviser determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Investment Adviser will address matters involving such conflicts of interest as follows:

A. if a proposal is addressed by the specific policies herein, the Investment Adviser will vote in accordance with such policies.

B. If the Investment Adviser believes it is in the best interest of such Client to depart from such policies, the Investment Adviser will be subject to the requirements of clauses C or D below, as applicable.

C. The Investment Adviser may vote such proxy as it determines to be in the best interest of the Client without taking any action described in clause D below, provided that such vote would be against the Investment Adviser's own interest which gives rise to the perceived or actual conflict. The Chief Compliance Officer will memorialize the rationale of such vote in writing.

D. If the Investment Adviser believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then the Investment Adviser will take one of the following actions in voting such proxy: (a) delegate the voting decision for such proxy proposal to a committee of independent partners, members, directors or other representatives of such Client, as applicable; or (b) obtain approval of the decision from the Chief Compliance Officer.

Investors in the Clients may obtain a copy of the Investment Adviser's proxy policy, and a record of proxies voted with respect to the Client in which they are invested upon request.

ITEM 18
FINANCIAL INFORMATION

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