

Form ADV Part 2A: Firm Brochure

March 28, 2024

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Newbrook Capital Advisors LP is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Newbrook Capital Advisors LP. If you have any questions about the contents of this brochure, please contact us at (212) 916-8965. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Newbrook Capital Advisors LP also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This ADV Part 2A was last updated in March 30, 2023. We have updated this brochure with changes we do not consider to be material changes such as to our firm's regulatory assets under management and disclosing a new affiliated business. We encourage everyone to read this Form ADV Part 2A in its entirety.

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Item 4. Advisory Business

Newbrook Capital Advisors LP, founded in 2005, is an investment services firm that provides investment adviser services to private pooled investment vehicles. The principal owners of Newbrook Capital Advisors LP are Newbrook Management LLC, as the general partner, and Robert Boucai, as the limited partner. Robert Boucai is the manager and majority owner of Newbrook Management LLC.

We provide investment advisory services to private pooled investment vehicles sponsored by us and to which we serve as the investment manager (our “Fund Clients”). We tailor our advisory services to the needs of our clients and we adhere to the investment strategy set forth in each client’s private placement memorandum. Our Fund Clients’ private placement memoranda allow for investing in a broad array of securities and financial instruments to achieve their investment objectives.

This firm brochure is not an offer to invest in our Fund Clients.

The amount of client regulatory assets that we manage on a discretionary basis, as of December 31, 2023, is \$809,038,833. We do not manage any client assets on a non-discretionary basis.

We do not participate in wrap fee programs.

Item 5. Fees and Compensation

This brochure is only delivered to qualified purchasers and therefore does not contain our advisory service fee schedule.

We (or our affiliate) typically receive from our clients, an asset-based management fee and performance-based compensation.

We deduct the asset-based management fee from our Fund Clients’ accounts monthly or quarterly in advance, as applicable. The asset-based management fee is calculated and determined based on investor capital accounts with respect to our domestic Fund Clients or, in the case of our offshore Fund Clients structured in a “mini-master” structure, at the feeder-fund level, based on share the net asset for our offshore feeder Fund Client.

Investors in our Fund Clients may only make a withdrawal on the last day of the quarter (or month, as applicable), so they will likely never pay an asset-based fee with respect to any period following the withdrawal of their assets.

With respect to our Fund Clients, the annual performance-based compensation is made as an allocation to our affiliate as the general partner of our domestic Fund Clients or, in the case of our offshore Fund Clients, at the master-fund level as the general partner of the master fund. The performance-based allocation is calculated and determined at the end of each year based on annual net capital appreciation (subject to a “high water mark” formula) of investor capital accounts with respect to our domestic Fund Clients and, for our offshore Fund Clients, is calculated and determined utilizing memorandum capital sub-accounts in the master fund that relate to the sub-series of shares of investors in the feeder fund.

Performance-based compensation is also calculated when investors make a withdrawal (but only with respect to the amount withdrawn). The respective offering documents of our Fund Clients contain further details of the calculation and determination of the asset-based management fee and the performance-based allocation.

We have the general discretion to waive or modify the asset-based management fee and/or the performance-based allocation (including modifying the percentage rate and method of calculation), and have previously done so.

Our Fund Clients bear all of their own expenses, which for our offshore feeder Fund Client, includes the expenses of the master fund, as provided for in our Fund Clients private placement memoranda and governing documents. The lists below are detailed but do not contemplate every possible expense that a client may incur.

The expenses that our Fund Clients pay pertaining to researching and executing investment transactions related to portfolio investments or prospective investments, when applicable, include:

- interest and commitment fees on debit balances or borrowings;
- borrowing charges on securities sold short;
- custodial fees;
- proxies;
- brokerage commissions;
- trade processing fees, including clearing and settlement charges;
- research fees and materials (including online news and quotation services);
- costs of any outside appraisers, accountants, attorneys or other experts or consultants engaged in connection with specific transactions;
- bank charges;
- withholding and transfer taxes; and
- other ordinary miscellaneous research and trade-related expenses of the respective Fund Client.

Our Fund Clients pay for expenses related to their operations, when applicable, including:

- governmental, regulatory, licensing, filing, registration or compliance costs, expenses and fees in compliance with rules of self-regulatory organizations or federal, state or local laws;
- costs and expenses associated with organizational expenses;
- costs of preparing and providing information to or holding meetings with investors;
- legal costs (including settlement costs);
- accounting fees and expenses (including tax and audit);

- costs and expenses of outside appraisers, pricing services, experts or others to facilitate valuations;
- insurance;
- independent director fees;
- administrator fees; and
- other ordinary miscellaneous operating and out-of-pocket expenses of the respective Fund Client.

For more information on brokerage transactions and costs, please see Item 12: Brokerage Practices.

Neither we nor any of our principals or employees receive any transaction-based compensation for the sale of securities or other investment products.

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

We (or our affiliate) receive performance-based compensation from our Fund Clients as more fully described in Item 5: Fees and Compensation. We do not manage any clients that do not pay performance-based compensation.

Item 7. Types of Clients

Our clients are private pooled investment vehicles (hedge funds), as also described in Item 4: Advisory Business.

The investors in our Fund Clients are generally required to make a minimum investment of \$1,000,000. We have the discretion to, and on occasion may, accept subscriptions for a lesser amount.

This firm brochure is not an offer to invest in our Fund Clients.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

We base our security selection on fundamental business and security analysis. In making our investment selections, we rely on several factors: (i) market valuation, (ii) competitive market position, (iii) profit and growth outlook, (iv) management capabilities, (v) capital structure and (vi) cash flow generation properties. We also rely on numerous sources of publicly available information to make our decisions, including, but not limited to, management teams of potential portfolio companies and their competitors, suppliers and customers, SEC filings, research reports, industry investors, analysts and consultants.

In addition, we have a process for screening and sizing investment positions. The purpose is to create additional oversight in the investment process, and to help us maximize our opportunities by sizing them correctly.

Despite our thorough research and analysis and comprehensive investment strategies, investing in securities involves a risk of loss that any clients and investors in our clients must be prepared

to bear. Please see below for a detailed explanation of the investment strategies we employ and some of the significant risks associated with them. Certain risks applicable to short-selling do not apply with respect to one of our Fund Clients, who has a long-only investment strategy and does not sell securities short.

Certain risks associated with an investment in our clients include:

- *Investment Judgment and Market Risk:* The success of our investment programs depends, in large part, on correctly evaluating future price movements of investments. We cannot guarantee that we will be able to accurately predict these price movements and that our investment programs will be successful.
- *Investment and Trading Risk:* Investments in securities and other financial instruments involve a degree of risk that the entire investment may be lost. The use of short sales and option trading can, in certain circumstances, substantially exacerbate the impact of unfavorable price movements on our clients' investments. Also, changes in the general level of interest rates may negatively affect our clients' results.
- *Financial Markets and Regulatory Change:* The instability pervading global financial markets heightens the risks associated with the investment activities and operations of investment management organizations, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital allocated to hedge funds and other alternative investment vehicles have led to increased scrutiny and regulation over the private investment fund and asset management industry. In addition, the laws and regulations affecting business and applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to our clients' interests.
- *Cybersecurity Risk.* The information and technology systems of not only our firm but also our clients' portfolio companies or third-party service providers may be vulnerable to damage or interruption from computer or telecommunication viruses, failures, infiltration by unauthorized persons and security breaches, usage errors, power outages and catastrophic events. Although we have implemented, and portfolio companies and service providers have likely implemented, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, our firm, our clients, portfolio companies and/or service providers, as applicable, may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our firm's, our clients', portfolio companies' and/or service providers' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors in our clients (and, to the extent applicable, the beneficial owners of investors). These failures could harm our firm's, our clients', a portfolio company's and/or a service provider's reputation.
- *General Economic Risk.* Our business is materially affected by conditions in the global financial markets and economic conditions or events throughout the world that are outside of our control, including, but not limited to, changes in interest rates, availability

of credit, inflation rates, economic uncertainty, slowdown in global growth, changes in laws (including laws relating to taxation and regulations on the financial industry), disease, pandemics or other severe public health events, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances (including government shutdowns, wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity and the value of investments and have a material adverse effect on our clients.

The following is a description of the various strategies that we utilize in advising our clients and some important risks associated with each strategy. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in our investment strategies.

- *Equity Securities:* We buy equity securities on behalf of our clients, seeking to profit from both security selection and thematic sector or market timing decisions. The value of these investments will generally vary with their issuer's performance and movements in the equity markets. Consequently, our clients may suffer losses if we invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a direction which we have not hedged against (see below for an explanation of hedging).
- *Smaller-Cap Stocks:* We occasionally invest in smaller capitalization stocks on behalf of our clients. Investments in smaller capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates that exceed those of large companies. These higher growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon small management teams. These securities may also have limited marketability and be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.
- *Short Selling:* A short sale involves the sale of a security that the seller does not own, with the expectation that the price of the security will decline, enabling it to be bought back at a lower price to generate a profit. To make delivery to the buyer, the security is borrowed, typically from a broker, and the obligation to return the security to the lender is satisfied by a later purchase of the security. When we execute a short sale in the United States, we must leave the proceeds thereof with the broker and must deposit with the broker an amount of cash or other securities sufficient under current margin regulations to collateralize the obligation. If short sales are affected on a Non-U.S. exchange, such transactions will be governed by local law. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. In addition, a short sale involves the risk that borrowed securities will have to be returned to the lender at a time when such securities cannot be borrowed from other sources, potentially requiring that we close a short sale transaction at an inopportune time. We have no policy limiting the amount of capital we may deposit to collateralize the obligation to replace borrowed securities sold short.
- *Options:* We occasionally buy put and call options on securities on behalf of our clients. Call options are the right to buy a security at a certain price within a defined time period. Put options are the right to sell a security at a certain price within a defined time period.

A buyer of either type of option assumes the risk of losing the entire premium paid for the option if the particular security never reaches the specified price within the set time period. Furthermore, an option's value may decline because of passage of time, the value of its underlying asset changing, changes in the market's perception as to the underlying asset's future price behavior, or any combination of these factors. At times, we may invest in over-the-counter options. Over-the-counter options are two-party contracts under which the buyer and seller negotiate the price and other terms. The risk of nonperformance by the opposing party on over-the-counter options is typically greater than the risk of nonperformance on exchange-traded options. In addition, the market for over-the-counter options is relatively illiquid, particularly for small transactions, which may impair our ability to sell our clients' options at profitable prices.

- *Option Writing:* We occasionally write (essentially, sell) call and put options on securities on behalf of our clients. A premium is received from writing a call or put option, which increases the return on investment if the option expires unexercised or is exercised at a net profit. In the case of a written put option, the writer assumes the obligation to purchase the underlying security, and, in the case of a written call option, the writer assumes the obligation to sell the underlying security, in either case for a price equal to a previously agreed-upon exercise price for the option's underlying instrument if the other party to the option chooses to exercise it. The writer of a call option gives up the opportunity to profit from any increase in the price of a security above the exercise price of the option and must be prepared to deliver the security regardless of its market price. The writer of a put option takes the risk that it will be required to purchase a security from the option holder at a price above the current market price of the security.
- *Hedging Transactions:* At times, we engage in hedging transactions on behalf of our clients. Employing hedging techniques reduces a portfolio's vulnerability to various risks. Hedging entails determining certain risks in one's portfolio and making trades to offset those risks. For instance, if an investor buys stock in a company, it may also short the stock of a competitor company. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the value of portfolio positions or prevent losses if the value of these positions decline, but rather it establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. On the other hand, hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase.

The success of a hedging strategy is subject to our 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. There is a risk that we may not always choose the correct variable to hedge against. Also, it is important to note that we may not always choose to hedge against, or might not anticipate, certain risks, and, our clients' portfolios will always be exposed to certain risks that cannot be hedged.

Loss of the ability to hedge, from either a change in the law or an inability to borrow a security when necessary, may result in losses to our clients from the resulting unhedged exposure or depreciation in the retained instrument's value.

Many other investment strategies we employ can be used as hedging techniques, such as options, futures contracts and short selling.

- *Swaps, Futures and Other Derivatives:* We occasionally invest in swaps, and may invest in futures and other forms of derivative contracts on behalf of our clients. A derivative is a financial instrument that is a contract between two parties, the value of which is linked to another security or commodity, or an “underlying asset.” Most of the derivatives in which we may trade are over-the-counter, meaning they are privately negotiated between two parties, as opposed to being traded on an exchange. Over-the-counter transactions typically involve significant transaction costs.

A swap is a type of derivative in which counterparties agree to exchange one stream of cash flow for another, each stream being based on an underlying asset. For example, an investor realizing returns from an equity investment can swap those returns into less risky fixed income cash flows without having to sell its equities. Swaps are particularly sensitive because various market variables, such as interest rates and foreign currency values affect the values of the cash flows, causing them to fluctuate. In addition, if a counterparty’s creditworthiness declines, the value of our swap agreement will likely also decline, potentially resulting in losses to our clients.

A future, also known as a futures contract, is another type of derivative in which we may trade. A future is a contractual agreement to buy or sell a particular commodity or financial instrument at a pre-determined price in the future. At times, futures may be illiquid investments because certain commodity exchanges limit fluctuations in particular futures contract prices during a single day. Once the price of a futures contract has increased or decreased by an amount equal to the daily limit, that contract cannot be traded unless traders are willing to trade it within that limit. This could prevent us from promptly selling unfavorable contracts and thus would subject our clients to substantial losses. There is also the risk that an exchange or the Commodity Futures Trading Commission may suspend trading or order immediate liquidation or settlement in a particular contract. This could also prevent us from promptly selling unfavorable contracts.

In addition, margin requirements for futures contracts are typically low relative to the value of the futures contracts. Low margin requirements mean that a relatively small price movement in a single stock futures contract could cause immediate and substantial losses. For example, if, at the time of purchase, 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for brokerage commission. Thus, like other leveraged instruments, any purchase or sale of a futures contract may result in losses in excess of the amount invested.

Derivative contracts typically involve use of leverage, as they expose our clients to potential gain or loss from a change in the price of an underlying asset in an amount that exceeds the amount of cash or assets required to establish or maintain the derivative contract. Consequently, an adverse change in the price of the underlying asset can result in a loss to our clients that is more exaggerated than would have resulted from an investment that did not involve the use of leverage inherent in a derivative contract. Derivative contracts are also risky because, ultimately, their success depends in part on

the counterparty's financial condition; that is, the counterparty's ability to turn over the cash flow it promised.

Occasionally we may trade derivatives over-the-counter, instead of on an exchange. The risk of nonperformance by opposing parties on over-the-counter derivatives is typically greater than the risk of nonperformance on exchange-traded derivatives. Also, derivative instruments not traded on exchanges are not subject to the same level of government regulation as are exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with over-the-counter derivative transactions.

- *Short-term Trading:* In furtherance of our clients' investment strategies, we sometimes engage in short-term trading on our clients' behalf. Short-term trading involves a certain degree of risk as it does not provide for the opportunity to minimize risk by holding a position over a longer time period. In addition, frequent trading results in high turnover and brokerage commission expenses which can adversely affect a client's performance if its trading is not sufficiently profitable.
- *Undervalued Assets:* We typically invest in assets on behalf of our clients that we believe are undervalued. However, we cannot assure clients that we will be able to acquire and/or recognize profits in undervalued assets. While investments in undervalued assets offer our clients the opportunity for above-average capital appreciation, they also involve a high degree of financial risk and can result in substantial losses.

In addition, we may need to sell assets before they reach their anticipated values in order to fulfill withdrawal requests or pay certain fees or taxes. Often times, we must hold undervalued assets for a substantial period of time before realizing their anticipated value. During this period, a portion of a client's capital is committed to the undervalued assets it has purchased, possibly preventing it from investing in other opportunities. Further, at times, we may finance the purchase of undervalued assets with borrowed funds and thus the client pays interest on the borrowed funds while waiting for the assets to reach their anticipated value.

- *Foreign Securities:* Investing in foreign securities involves certain risk factors not typically associated with investing in U.S. securities, such as fluctuation between exchange rates and the costs of converting from one currency to another. In addition, there may not be much information available regarding foreign securities because foreign companies and governments may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those of the U.S. There also might be a greater risk of political, social or economic instability and the possibility that foreign taxes may be imposed on our clients' income. Non-U.S. markets have different clearance and settlement procedures which, in some markets, may have difficulty keeping pace with large volumes of transactions. This can lead to substantial delays and settlement failures that could adversely affect our clients' performance.
- *Trade Errors:* Unless we determine, in our sole discretion, that a trade error was the result of our willful misconduct, bad faith or gross negligence or that applicable law requires otherwise, losses associated with a trade error that are not recovered from a third

party will be borne by our clients and gains associated with a trade error will remain with our clients.

Item 9. Disciplinary Information

Neither we, nor any of our directors, officers or principals has been involved in any criminal or civil actions in a domestic, foreign or military court.

Neither we, nor any of our directors, officers or principals has been involved in any administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency or any foreign financial regulatory authority.

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

Item 10. Other Financial Industry Activities and Affiliates

Neither we, nor any of our directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither we nor any of our directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

We and our affiliate, Newbrook Capital Associates LLC, have sponsored private investment funds that we manage, and Newbrook Capital Associates LLC serves as the general partner to our Fund Clients. Our clients do not have independent management, and our offshore feeder Fund Client does not have a completely independent board of directors, as we retain two independent directors but Christopher Reed serves as a third director. Although this arrangement gives us heightened control and discretion over our clients, we manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in each client's private placement memoranda.

In addition, our affiliate, Newbrook Capital Properties LLC (along with its related businesses, "**Newbrook Properties**"), is a private real estate asset manager that manages various real estate properties. Robert Boucai helped co-found Newbrook Properties in 2023. As such, Robert Boucai will not be devoted exclusively to our business or that of our Fund Clients, but he will continue to devote the substantial majority of his time to our business and that of our Fund Clients.

We do not have any related person who is:

- broker-dealer, municipal securities dealer, or government securities dealer or broker;
- an investment adviser or financial planner;
- a future commissions merchant or commodity trading advisor;
- a banking or thrift institution;

- an accountant or accounting firm;
- a lawyer or law firm;
- an insurance company or agency;
- a pension consultant; or
- a real estate broker or dealer.

We do not recommend or select other investment advisers for our clients.

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

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics works to ensure that our employees' securities transactions are consistent with our fiduciary duty to our clients and to ensure compliance with legal and regulatory requirements. It focuses on specific areas where employee conduct has the potential to affect clients' or investors' interests adversely, such as personal securities trading, outside activities, gifts, borrowing and lending, the influence of personal relationships and charitable contributions. Our Code of Ethics requires employees to submit monthly statements to our Compliance Officer for any account holding securities in which an employee or certain of their family members have an interest. Certain employee trades in which an employee or certain of their family members have an interest must be reviewed and pre-approved by our Compliance Officer. Upon request, we provide a copy of our Code of Ethics to our clients or investors in our clients.

Our principals and employees do not recommend to clients, nor do they buy or sell for client accounts, securities in which they have a material financial interest.

Our principals and employees and entities controlled by them are not allowed to trade in any securities that are on our restricted list, or in securities that we purchase or sell for clients, or are likely to purchase or sell for clients. Our principals and employees must first obtain the prior approval of our Chief Compliance Officer before trading securities other than government securities, mutual fund shares or exchange traded funds.

Item 12. Brokerage Practices

In selecting broker-dealers and determining the reasonableness of their commissions for our clients' transactions, we strive to achieve "best execution," by taking into account any combination of the following factors:

- commission costs,
- capital adequacy, meaning that a broker-dealer has sufficient capital to correspond to its risk,
- ability and willingness to commit capital,
- confidentiality,
- the nature and quality of research products and services offered,

- market expertise and
- execution ability, which includes:
 - the minimization of total trading costs, errors, incomplete trades and market impact,
 - the speed at which a broker-dealer can effect a transaction,
 - a broker-dealer's use of advanced technology and infrastructure and
 - the maximization of price improvement.

In addition, our employees may occasionally participate in “capital introduction” events sponsored by broker-dealers. Capital introduction events are events designed to bring asset managers together with investors in one forum. While we do not compensate broker-dealers for organizing these events or for any successful investor relationships we make at these events, potential invitations to capital introduction events may be one of our considerations when selecting broker-dealers to execute our clients' trades. However, our primary consideration and obligation is to seek best execution on behalf of our clients.

We have also established an internal group to oversee the brokerage practices of the firm. This group is comprised of representatives from all areas of the firm, including trading, compliance and operations. The following is a non-comprehensive list of the committee's responsibilities:

- Establishing a policy relating to client order placement, selection of broker-dealers, order allocation, trading practices and other brokerage related topics that may arise,
- Monitoring client order placement to ensure that the our policies on client order placement are observed,
- Conducting periodic reviews of trading activity to better understand and monitor best execution,
- Establishing appropriate guidelines for reviewing and approving broker-dealers, and
- Overseeing implementation of the brokerage policies adopted.

We Utilize Research and Other Soft Dollar Benefits. At times, a portion of the prices paid to buy securities from, or for the sale of securities to, brokerage firms are used by the brokerage firms to provide us with proprietary and/or third-party investment and research information. This investment and research information is often referred to as “soft dollar” benefits. The research services that broker-dealers might provide us with include:

- written information and analyses and/or due diligence concerning specific securities, companies or sectors,
- market, financial and economic studies and forecasts,
- research, data, statistics and pricing or appraisal services,
- discussions with research personnel and
- invitations to attend conferences or meetings with management or industry consultants.

We can use these research services and products in connection with our advisory services for any of our accounts, not necessarily for only the account that “paid” for them. For example, we might utilize research services that a broker-dealer provides for one of our Fund Clients in connection with our advisory services for other accounts and vice versa. While we do not aim to allocate soft dollar benefits to each client account in proportion to the soft dollar credits each client generates, we do seek to allocate soft dollar benefits equitably among all of our clients.

We Intend for Our Use of Soft Dollar Benefits to Fall Within the Safe Harbor. The Securities and Exchange Commission has created a safe harbor that protects financial advisers from liability for a possible breach of fiduciary duty to their clients for engaging in soft dollar arrangements for certain services at other than the lowest transaction costs if they make a good faith determination that the amount of the commission was reasonable in relation to the value of the services received. We intend that our soft dollar arrangements will fall within this safe harbor.

The Use of Soft Dollars Can Create a Conflict of Interest. Using client transactions to obtain research and other benefits creates incentives that may result in conflicts of interest between advisers and their clients. When we use client markups or markdowns to obtain research products and services, we receive a benefit because we do not have to produce or pay for the research products and services. The availability of these benefits could influence us to select one broker-dealer rather than another to perform services for clients, based on our interest in receiving the products and services instead of on our clients’ interest in receiving the best execution prices. Obtaining these benefits may cause our clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services and to pay for other costs and expenses that we might otherwise incur creates a conflict of interest between us and our clients because our clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for our benefit. To the extent that we are able to acquire these products and services without expending our own resources, our use of soft dollar benefits tends to increase our profitability.

We Use Particular Procedures to Direct Transactions in Return for Soft Dollars. We direct our clients’ transactions to broker-dealers based on overall best execution, as explained above. Our brokerage advisory committee periodically reviews our brokerage practices and procedures to ensure that we are achieving best execution on all trades for our clients.

We Do Not Consider Client Referrals in Selecting or Recommending Broker-Dealers. Generally, we do not consider client referrals in selecting or recommending broker-dealers; however, as previously discussed in this Item 12, potential invitations to capital introduction events may be one of our considerations when selecting broker-dealers to execute our clients’ trades. However, our primary consideration and obligation is to seek best execution on behalf of our clients.

Our Clients Do Not Direct Brokerage. We do not recommend, request or require that a client, nor do we permit a client to, direct us to execute transactions through a specified broker-dealer.

Our clients generally participate in the same investment opportunities. We therefore typically place combined orders for the purchase or sale of securities and allocate the securities among our participating clients on an equitable basis. Situations may occur where securities are purchased or sold on behalf of one (or more) clients, therefore it is possible that certain clients could be disadvantaged because of the investment activities conducted for other clients.

Item 13. Review of Accounts

On a daily basis, our portfolio manager, Robert Boucai, or his designee, reviews all trading activity for our clients' accounts. Robert Boucai, or his designee, examines our trading activity specifically for trades that may violate our internal policies or any applicable laws or regulations and reports any violations to our Compliance Officer.

Robert Boucai periodically reviews and monitors our clients' portfolios to ensure that we are complying with each client's risk limits. In addition he periodically reviews our clients' trading records to verify that we are complying with our trade aggregation and allocation policy, as described in Item 12: Brokerage Practices.

We will also review accounts in certain extraordinary events, such as natural disasters, extreme political and economic events (i.e. a market crash) and any other event we believe creates abnormal market conditions.

We provide investors in our Fund Clients with written monthly statements of account that contain performance information about the Fund Client in which they have invested. We also provide investors in our Fund Clients with written annual reports that contain audited financial statements and tax information.

Item 14. Client Referrals and Other Compensation

We do not, nor do any of our principals or employees, receive any economic benefit from non-clients for providing advisory services to our clients.

We do not, nor do any of our principals or employees, compensate anyone for client referrals; however, as discussed above in Item 12: Brokerage Practices, potential invitations to capital introduction events may be one of our considerations when selecting broker-dealers to execute our clients' trades, but our primary consideration and obligation is to seek best execution on behalf of our clients.

We have and may in the future enter into arrangements with placement agents to solicit investors for some of our Fund Clients. Placement agents that solicit investors on behalf of Fund Clients are compensated by the Investment Manager and/or the investor in connection with their solicitation activities and such placement agents may, therefore, be influenced by such compensation.

Item 15. Custody

While it is our practice not to accept or maintain physical possession of any of our clients' assets, we are deemed to have custody of our Fund Clients' assets under Rule 206(4)-2 of the

Investment Advisers Act of 1940, as amended, because we have the authority to access our Fund Clients' funds and deduct fees and expenses from clients' accounts.

In order to comply with Rule 206(4)-2, we utilize the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all of our clients' assets. We also ensure that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities, under our name as agent for the clients. In accordance with Rule 206(4)-2, we also (1) engage an outside auditor to audit our clients at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in our clients within 120 days after the end of the fiscal year.

Item 16. Investment Discretion

Scope of Authority

We accept discretionary authority to manage our clients' securities accounts. Essentially, this means that we have the authority to determine, without obtaining specific client consent, which securities to buy or sell and the amount of securities to buy or sell. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' private placement memorandum.

Procedures for Assuming Authority

With respect to our Fund Clients, before accepting their subscriptions for interests, we provide all investors in our Fund Clients with a private placement memorandum that sets forth the relevant client's investment strategy and program. By completing our subscription documents to acquire an interest in one of our Fund Clients, investors give us complete authority to manage their assets invested with us in accordance with the applicable private placement memorandum and governing documents of the relevant Fund Client.

Item 17. Voting Client Securities

Proxy Voting Policies and Procedures

Because clients have, in most cases, delegated the power to vote their securities to us, we have implemented proxy voting policies and procedures in accordance with securities laws and our fiduciary obligations to our clients. We usually hold an immaterial ownership of any company, and therefore do not typically vote on proxies. However, we will vote on proxies in important cases where we feel our vote will have an impact. In these instances, we always strive to vote client proxies in a manner consistent with each client's best interests. Our officers, directors and employees will not be influenced by outside sources whose interests conflict with our clients' interests.

We determine how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. We vote in a manner that we believe reasonably furthers the best interests of the client and is consistent with the client's investment philosophy as set forth in the relevant investment management documents.

We will generally vote in line with each company's management recommendations, unless we determine that the proposals do not follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices.

Upon request, our clients (and owners of a client that is an investment vehicle) can obtain a copy of our proxy voting policies and procedures.

Potential Conflicts of Interest

If a proxy vote creates a material conflict between our interests of and the interests of a client, we will resolve the conflict before voting the proxies. We will either disclose the conflict to the client and obtain consent or take other steps designed to ensure that a decision to vote the proxy was based on our determination of the client's best interest and was not the product of the conflict.

Recordkeeping

We maintain records of (i) all proxy statements and materials we receive on behalf of clients; (ii) all proxy votes that are made on behalf of the clients; (iii) all documents that were material to a proxy vote; (iv) all written requests from clients regarding voting history; and (v) all responses (written and oral) to clients' requests. These records are available to the clients (and owners of a client that is an investment vehicle) upon request.

We have the authority to vote all of our clients' proxies and receive all of their proxies and similar solicitations.

Item 18. Financial Information

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

We have never been the subject of a bankruptcy petition.