

PART 2A OF FORM ADV: FIRM BROCHURE

WESTERLY CAPITAL MANAGEMENT LLC

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This “Brochure” provides information about the qualifications and business practices of Westerly Capital Management LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Anders Kamperin by e-mail at ak@westerlycap.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.

References in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

There have been no material changes since the last Brochure filed on March 29, 2023, other than to update Regulatory Assets Under Management in Item 4.

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ITEM 4 – ADVISORY BUSINESS

Westerly Capital Management LLC (the “Adviser”) is a limited liability company formed in Delaware in 2006.

The Adviser is primarily owned by Christopher J. Galvin and has an office in San Francisco, CA.

Westerly Capital Management LLC has been registered with the SEC since July 2022. The Adviser was previously operating and reporting to the SEC as an Exempt Reporting Adviser since April 2012.

The Adviser continues to manage the following pooled investment vehicles:

Westerly Partners QP, L.P, a Delaware limited partnership (“Westerly QP”); and
Westerly Partners, L.P., a Delaware limited partnership (“Westerly Partners”).

Westerly QP and Westerly Partners are collectively referred to as the “Clients” or the “Funds”.

Westerly Holdings LLC serves as the general partner to the Clients (the “General Partner”).

The Adviser provides discretionary investment advice to the Clients.

The Funds’ investment objective is to achieve absolute performance in primarily the small to mid-cap technology and growth sectors through stock selection matched with adherence to strict risk management principles.

Neither the LPA nor the investment management agreements impose any limits on the types of securities or other instruments in which the Funds may invest, the types of positions it may take, the concentration of its investment by sector, industry, fund, country, class or otherwise, the amount of leverage it may employ or the number or nature of short positions it may take. Further, depending on conditions and trends in securities markets, the Funds may pursue strategies and/or employ techniques other than those described above, to the extent the Adviser considers doing so appropriate and in the Funds’ best interests.

The Adviser’s investment decisions and advice with respect to the Clients are subject to each Client’s investment objectives and guidelines, as set for in its respective “Offering Documents” which include each Client’s subscription documents, Limited Partnership Agreements (“LPA”), and other legal documents set in place when an investor decides to invest in the Adviser’s Funds.

The Adviser does not participate in wrap fee programs.

As of December 31, 2023, the Adviser had approximately \$242.5M of regulatory assets under management, all of which is managed on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Management Fee. The Funds will pay the Adviser a Management Fee for managing the Funds' investment portfolio and operations. The Management Fee will be calculated separately for each limited partner, generally at a rate of 1.5% per annum of that limited partner's capital account, although for investors in Westerly Partners, the rate for limited partners first admitted to Westerly Partners before May 1, 2012, is lower.

The Funds pay the Management Fee quarterly in advance based on the value of the limited partners' capital account balances as of the beginning of the relevant calendar quarter. As to capital contributed on a date other than the first day of a quarter, the Adviser will be paid a prorated Management Fee. If a limited partner were to be permitted to withdraw capital on a date other than the end of the calendar quarter, such limited partner would not receive any refund of any Management Fee as to the remaining portion of that quarter. The Adviser may vary the Management Fee as to particular limited partners by separate agreement.

For limited partners in Westerly QP, the Adviser has agreed to "grandfather" at a lower management fee certain investors who transferred into Westerly QP at its inception prior to May 1, 2012, from another fund the Adviser manages.

Operating Expenses. The Funds will bear, either directly or through reimbursement to the General Partner and/or the Adviser, all of the ongoing operating costs. These will include, but will not be limited to: brokerage commissions on portfolio transactions; interest on margin and other borrowings; borrowing charges on securities sold short; investment transaction costs (including markups, markdowns and commissions); custodial fees; transfer and other taxes; bookkeeping, accounting and audit fees and expenses; legal fees (including fees paid to the General Partner's and the Advisers' counsel for services that benefit the Funds); the General Partner's out of pocket costs incurred in performing its roles as tax matters partner or partnership representative; expenses the Adviser incurs for investment research and due diligence; filing fees; travel and travel-related expenses the Adviser incurs in connection with the Funds' investment activities (including attending professional investment and industry specific conferences); costs of reporting to Fund partners; costs of Fund governance activities (such as obtaining Limited Partner consents if and when necessary or appropriate); fees paid to a third-party administrator; costs of the Funds' and their affiliates' (other than the Adviser's) registration and filings with and licensing by governmental and self-regulatory organizations and costs associated with regulatory, tax, and other filing and reporting requirements by or related to the Funds, including filings required of the Adviser and/or its affiliates as a result of their involvement in the management of or provision of services to the Funds (including Schedules 13G and 13D and Form PF); and all other reasonable expenses related to the management and operation of the Fund and/or the purchase, sale or transmittal of its assets, all as the General Partner and/or the Adviser determines in its sole discretion. The Adviser may cause these and other Fund expenses to be paid for by securities brokerage firms to which the Adviser directs the Funds securities trades.

The General Partner and/or the Adviser may, in their discretion, bear all or a portion of the Funds' operating expenses, either directly or through a waiver of a portion of the Management Fee or the Incentive Allocation to which it would otherwise be entitled. Neither the General Partner nor the Adviser has any obligation to do so or, if it does so for any period or in any amount, to continue doing so.

The General Partner and/or the Adviser will provide the Funds with office space, utilities, office equipment and certain administrative services. To the extent those facilities and services comprise part of the General Partner's and/or the Adviser's own operating, general administrative and overhead costs, neither the General Partner nor the Adviser is entitled to direct reimbursement from the Funds. However, the Adviser may cause some of these expenses (as well as some or all of the Funds' direct expenses) to be paid for using

the Funds' "soft dollars" and may cause the Funds to engage one or more third parties, at the Funds' expense, to provide administrative services. This may relieve the General Partner and/or the Adviser of expenses it would otherwise bear.

Offering and Organization Expenses. The Funds will bear, either directly or by reimbursing the General Partner, all expenses in connection with ongoing offer and sale of interests.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser is entitled to a performance-based compensation. It should be noted that the possibility of the Adviser's or the General Partner's receipt of performance-based compensation can create a potential conflict of interest in that it could be viewed as an incentive to make riskier or more speculative investments than in the absence of such performance-based fee. However, this incentive is mitigated by the fact that losses will reduce a fund's performance, and thus the Adviser's or the General Partner's compensation. Investors are provided with clear disclosure in the LPAs as to how the performance-based compensation is charged. The Adviser is of the view that the compensation structure is in line with industry standards.

ITEM 7 – TYPES OF CLIENTS

The Adviser provides investment advice to the Clients, as described in Item 4, above. The Funds are open only to investors meeting certain suitability requirements. In addition, the Funds require significant minimum capital commitment, subject to modification by the General Partner.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

As a general matter, Westerly Capital Management LLC utilizes the methods of analysis and investment strategies described in the Funds' Governing Documents. The information contained herein is a summary only and investors should refer to and carefully review the governing documents for a complete overview of the Adviser's methods of analysis and investment strategies.

Investment Strategy. The Adviser employs a long/short directional investing strategy to exploit inefficiently priced securities. The universe of ideas will heavily, but not exclusively, weight representation in the small to mid-cap growth segments and technology sector, and will often focus on companies and sectors at key points of change. Therefore, the strategy will likely include value ideas on the cusp of (re-)discovery by growth managers. The Adviser also believes that companies with valuations below \$1 billion in market capitalization often fall off the radar screen of larger funds and for sell-side coverage and, therefore, greater inefficiencies in their valuations are at work. In addition, having a base of operations on the West Coast – with geographic proximity to key technology companies – provides advantages to the Adviser in its research and due diligence efforts.

The Funds' management approach includes the shorting of individual securities and indices to manage the inherent risk of a long-biased portfolio. The Adviser selects equities of primarily U.S. issuers or ADRs, and will also utilize puts, calls, and other options to enhance performance and minimize risk.

Risks. As a general matter, the Adviser utilizes the methods of analysis and investment strategies described in the Funds' governing documents provided to all Clients' investors prior to the time of an investment. The information contained herein is a summary only, and Clients' investors should refer to and carefully review the governing documents for a complete overview of Westerly Capital Management LLC's methods of analysis and investment strategies and the risks associated therewith.

Existing investors and potential investors should be aware that an investment in the Funds involves a high degree of risk. There can be no assurance that the investment objectives will be achieved or that an investor will receive a return of its capital. The following considerations, in addition to those contained in the offering and governing documents, should be carefully evaluated before making an investment in the Funds.

General Risks

Bank Failures. On March 10, 2023, the Federal Deposit Insurance Corporation ("FDIC") and the California Department of Financial Protection and Innovation assumed control of Silicon Valley Bank ("SVB") following SVB's financial losses and massive deposit withdrawals. On March 12, 2023, Signature Bank, New York, NY ("Signature Bank") was closed by the Department of Financial Services of New York and subsequently, the FDIC was named receiver. These bank failures and caused turmoil in the financial markets and other similar bank failures may increase market volatility and decrease consumer and business confidence.

Reliance on the Adviser. The success of the Funds depends on the ability of the Adviser and, particularly, Christopher Galvin, to develop and implement investment strategies to achieve the Funds' investment objectives. The Funds' investment performance could be materially and adversely affected if Mr. Galvin were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business. Limited Partners have no right or power to take part in the Funds' management. Except under specified circumstances, if the General Partner withdraws, is dissolved, or becomes insolvent, the Funds will be dissolved.

Operating Deficits. The costs of operating the Funds (including fees payable to the Adviser and organizational costs and expenses) could exceed the Funds' income. The fees the Funds pay may be higher than those charged other private investment funds. If the Funds' costs exceed its income, the difference must be paid out of the Funds' capital, reducing the Funds' investments and potential for profitability.

Not a Complete Investment Program. The Funds will pursue the investment strategies described in this memorandum (as the Adviser may modify them from time to time); an investment in the Funds are not intended as a complete investment program for any investor. If the Funds' strategies are not successful, or if the Adviser is unable to implement them effectively, Limited Partners could lose some or all of their capital. For these reasons an investment in the Funds may be considered speculative and is appropriate only for sophisticated and experienced investors who are able to bear the risk of loss of their entire investment.

Portfolio Investment Risks

All investment and trading activities risk the loss of capital. While the Adviser attempts to moderate these risks, there can be no assurance that the Funds will be able to invest its capital fully on attractive terms or that Limited Partners will not suffer losses. The following discussion sets forth some of the more significant risks associated with the Funds' proposed activities.

Investment and Trading Risks. An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds will invest in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the equity, fixed income, commodity and currency markets, the risks of borrowings and short sales, the leverage associated with trading on margin and in the currency and derivatives markets, the potential illiquidity of derivative instruments and the risk of loss from counterparty defaults. No guarantee or representation is made that the Funds' investment program will be successful, that the Funds' various investment strategies will have low correlation with each other, or that the Funds' returns will exhibit low correlation with an investor's traditional securities portfolio. The Adviser may utilize such investment techniques as option transactions, margin transactions, short sales, leverage, derivatives trading and futures and forward contracts. These transactions could impose substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the Funds' investment portfolio may be subject.

Investments Based on Valuation. The Funds will invest in securities the Adviser believes are undervalued and will sell short securities the Adviser believes are overvalued. Identifying investment opportunities of these kinds is a difficult task, and neither the Funds nor the Adviser can provide any assurance that the Adviser will succeed at it. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. And short sales based on expectations that market participants will come to agree that a stock is overpriced can theoretically involve even higher risks. See "Portfolio Investment Risks – Short Selling". The Funds may be required to hold positions for a substantial period before market prices reflect the Adviser's beliefs about their value. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed.

Small and Medium Capitalization Stocks. The Funds may invest a significant portion of its assets (either directly or through derivative securities) in stocks of companies with relatively small or medium-sized market capitalizations. While the Adviser believes these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies. For example, prices of small-capitalization and even some 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, thin trading in some small- and medium-capitalization stocks may make those stocks less liquid than large-capitalization stocks.

Investment in Technology Sector. The Funds intend to invest in stocks of companies in the “high technology” sector, including the computer hardware, computer software, semiconductor, semiconductor manufacturing, computer systems, networking, communications, technology services, and consulting industries. As a result, the Funds will be susceptible to market and other conditions that affect those industries. Stock prices in this sector have been, and the Adviser expects that they will continue to be, highly volatile. The market value of these companies may often be based on speculation and expectations about future products and research progress. Some companies’ viabilities may depend on their ability to obtain additional financing at attractive valuations.

Technology companies are characterized by competition and rapid technological developments that may make their products or services obsolete in a short period of time. A company’s ability to compete may depend, at least in part, on its ability to develop, introduce and market products or services that meet changing needs and that successfully anticipate or respond to technological changes on a cost-effective and timely basis. A lack of compatibility with existing or emerging technology, the lack of standardization among competing technologies attempting to serve the same market, a failure to conform to accepted industry standards, or obsolescence can be significant obstacles for such issuers. A company’s ability to compete may also depend on its ability to prevent others from using its technology. Patent and other intellectual property protections may involve legal uncertainties.

Due to these and other factors, the Funds’ investments in stocks in the technology sector may be considered speculative and may drop sharply in value in response to adverse research and development, marketing, regulatory or securities market events.

General Economic and Market Conditions. The success of the Funds’ investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in governmental regulation and national and international political circumstances. These factors may affect the success of the businesses in which the Funds’ portfolio companies are engaged as well as the markets for the securities the Funds hold. Unexpected volatility or illiquidity could impair the Funds’ profitability or result in losses.

General Market Conditions and Disruptions; Interconnected Markets. Developments and disruptions in financial and securities markets generally, including such aspects and attributes as interest rates, the availability of credit, and liquidity of particular types of investments, as well as changes in general economic conditions, including unemployment and inflation, can significantly affect the prospects of companies in which the Funds invest, the General Partner’s ability to assess those prospects, and the Funds’ ability to adapt its portfolio and market exposures. In 2007 and 2008, a global “credit crisis” caused rapid and violent swings in all markets. The effects of that crisis on markets (including effects caused by governmental intervention, discussed below) may continue, and markets may be less predictable than they historically have been. In the summer and early fall of 2011 global economic disruptions caused additional dramatic swings in securities prices. Other types of disruptions could emerge, including as a result of political or economic developments outside the markets in which the Funds mainly invest, that have similar, or even more dramatic, effects on the markets in which the Funds invest, potentially causing the Funds to incur losses.

The Funds could incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions can be compounded by the fact that in disrupted markets many previously liquid positions can become

illiquid, making it difficult or impossible to close out positions against which the markets are moving. Market disruptions can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk. The financing available to the Funds for their portfolio activities is typically reduced in disrupted markets and providers of financing may take rapid and severe action (such as forcing the closure of short positions) that could result in substantial losses to the Fund.

Governmental Intervention. The 2007-2008 global “credit crisis” and market disruptions led to extensive new governmental intervention in financial markets and the structure and operation of financial institutions. Initially, much of that intervention was implemented on an “emergency” basis, suddenly disrupting markets further. For example, in 2008 a number of countries imposed bans on short-selling on an “emergency” basis, making it impossible for numerous market participants either to continue to implement their strategies or to control the risk of their open positions. In part due to the complexities of financial markets and the speed with which governments took action, many governmental interventions were unclear in scope and application and included apparent inconsistencies. That inconsistency both caused severe losses for a number of market participants — who assumed either no intervention or intervention consistent with past precedent — and contributed to a general confusion and uncertainty as to important market forces, and as a result to illiquidity of markets.

It is impossible to predict what additional interim or permanent governmental restrictions or other actions may be imposed on the financial markets, particularly if new disruptions occur, and it is impossible to predict the effect those restrictions or other actions may have on the Adviser’s strategies or the Funds’ portfolio when implemented. Those effects could well be to create or exacerbate market disruptions and further expose the Funds to risks of the kinds described above.

Equity Securities. The equity and equity-linked securities in which the Funds invest will be subject to general movements in the stock market and the value fluctuations of each particular issuer’s stock. Equity security prices fluctuate for several reasons, including changes in the financial condition of a particular issuer, investors’ perceptions of the issuer’s industry, the general condition of the relevant stock market, changes in interest rates, or when political or economic events affecting the issuers occur.

Debt Securities. The Funds may invest in debt or other fixed income securities. These securities are generally bonds or other debt instruments issuers use as a means of borrowing money. The issuer generally pays the investor a fixed, variable or floating rate of interest and, at the maturity of the instrument, must repay the amount borrowed. Some debt securities (*e.g.*, zero coupon bonds) do not pay current interest, but are sold at a discount to their face values. Debt securities have varying levels of sensitivity to changes in interest rates and varying degrees of credit quality. Assuming other factors remain constant (*e.g.*, the credit worthiness of the issuer), bond values generally rise (increase in value) when interest rates fall and fall (decrease in value) when interest rates rise.

Convertible Securities, Rights and Warrants. The Funds may invest in hybrid securities that may be exchanged for, converted into, or exercised to acquire a predetermined number of shares of an issuer’s common stock at the option of the holder during a specified time period (such as convertible preferred stocks, convertible debentures, stock purchase rights, and warrants). Convertible securities generally pay interest or dividends and provide for participation in the appreciation of the underlying common stock but at a lower level of risk because the yield is higher and the security is senior to common stock. Convertible debt securities purchased by the Funds that are acquired for their equity characteristics are not subject to minimum rating requirements.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into

the underlying common stock). The credit standing of the issuer and other factors may also affect the investment value of a convertible security. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security is increasingly influenced by its conversion value.

Convertible securities may also include warrants, often publicly traded, that give a holder the right to purchase at any time during a specified period a predetermined number of shares of common stock at a fixed price but that do not pay a fixed dividend. Their value depends primarily on the relationship of the exercise price to the current and anticipated price of the underlying securities.

Interest Rate Risk. The value of debt securities (and related investments) in the Funds' portfolio may fluctuate according to changes in interest rates. When interest rates rise, prices of debt securities generally fall, and when interest rates fall, debt securities generally increase in price. Usually, the prices of debt securities that must be repaid over longer time periods fluctuate more than the prices of shorter-term debt securities.

Default Risk; Credit Risk. The Funds' performance could be adversely affected if issuers of debt instruments in which the Funds have an interest (or as to which it has entered into credit related derivatives contracts) default on those instruments (either through payment default or other events that constitute a default as defined in the relevant agreements) or if events occur that reduce the creditworthiness of those issuers. If a bond or other debt instrument were to become subject to such an event, the value of the instrument could be significantly reduced, conceivably to zero.

Use of Leverage. Leverage through margin borrowing and other means is part of the Funds' "core" investment strategies. The Funds expect to leverage its investment positions by borrowing funds from securities brokers or dealers, banks, or others. It may also use derivatives to leverage its capital, as discussed below. Leverage increases both the possibilities for profit and the risk of loss. Borrowings (and in some cases guarantees of performance of Fund obligations) will usually be from (or, in the case of guarantees, by) securities brokers and dealers (primarily the Funds' Prime Broker—see "Brokerage and Transactional Practices") and are typically secured by the Funds' securities and other assets. Under certain circumstances, such a broker or dealer may demand an increase in the collateral that secures the Funds' obligations, and if the Funds are unable to provide additional collateral, the broker or dealer could liquidate assets held in the Funds' accounts to satisfy the Funds' obligations. Liquidation in that manner could have extremely adverse consequences, including sales at disadvantageous times and prices and the acceleration of tax consequences.

Short Selling. The Funds expect to sell securities short as a regular part of its investing activities. In a short sale, the Funds sell securities it does not own, in the expectation that the market price will decline and that the Funds will be able to buy replacement securities later at a lower price. To accomplish this, the Funds borrow the securities from a broker or other third party. It "closes" the position by "returning" the security (buying a replacement security on the lender's behalf). This "return" obligation does not typically have a specified "maturity" date and the lender generally may require replacement of the securities whenever it chooses. A short sale theoretically involves the risk of unlimited loss; the price at which the Funds must buy "replacement" securities could increase without limit. The Funds may experience losses on short positions that are not offset by gains on long positions.

As collateral for its return obligation, the Funds must leave the proceeds of its short sales with the lender—generally a Prime Broker. Ordinarily all the Funds' assets held by a Prime Broker will serve as collateral not only for the Funds' short sale return obligation, but also for any other credit the Prime Broker extends and any other obligations the Funds owe the Prime Broker. If the amount of the Funds' return obligation were to increase significantly due to increases in a short-sold security's price, or if the value of collateral

were to decrease, the Funds could be required to deliver additional cash or other collateral to the relevant Prime Broker. But, if substantially all the Funds' assets were already serving as collateral, it is unlikely that the Funds would be able to meet such a demand, and the Prime Broker would likely cause the Funds to "buy-in" or "close" some or all of its short positions. Such a "buy-in" could well be at a time and on terms that are averse to the Fund. Less dramatically, market-driven increases in short-sale-related liabilities and reductions in collateral value could also reduce the Funds' ability to effect transactions or distribute cash to fund capital withdrawals.

Lenders such as the Prime Brokers have great discretion in their decisions regarding adequacy of collateral, and the Funds' short-selling activities, and actions that depend on availability of assets not being relied on for collateral (*e.g.*, distributing cash) could be curtailed, potentially significantly and without notice.

In 2008, regulators in the United States, the United Kingdom, and several other countries, significantly changed the regulations that govern short selling, settlements of short-sale transactions, lending to facilitate short sales, disclosure of short positions, and other aspects of short-selling activities. Those actions, taken on short notice, significantly affected some positions and some market participants, including through forced buy-ins under adverse circumstances and even "double" buy-ins. In 2011 and again in 2012, regulators in several European countries imposed additional interim limitations on short selling and in 2012 imposed significant permanent reporting requirements. Short selling practices remain the subject of political controversy and changes in short-selling-related regulations may continue to occur, again potentially with little notice. The Funds could suffer losses on short-selling activities as a direct or indirect result of those changes, and its ability to use short selling as a part of its overall investment activities could be limited or made less effective or profitable.

Hedging, Generally. Although hedging strategies in general are usually intended to limit or reduce investment risk, they can also be expected to involve transaction costs and may inherently limit or reduce the potential for profit. Hedges are often imperfectly inversely correlated with the underlying exposure the Funds seek to hedge and, to the extent that is the case, can subject the Funds to additional risk, if prices involved in the hedging position move against the Fund. Other risks that may be involved in hedging include: (i) possible illiquidity in the market for closing out a hedging position; (ii) interest rate, spread, or other broad market movements not anticipated by the Adviser; (iii) the Funds' obligations to meet margin or other payment requirements; (iv) a counterparty's default or refusal to perform; and (v) impact that required segregation of the Funds' assets to cover hedge-related obligations may have on portfolio management or the Funds' ability to meet short term obligations. In addition, although the Adviser may utilize a variety of instruments, including options and other derivatives, for hedging and risk management purposes, it is not obligated to, and may not, hedge against certain risks. Furthermore, the Funds' portfolios will always be exposed to risks that cannot be hedged.

Risk of Derivatives, Generally. The Funds may trade and invest in a variety of derivative instruments, including options, warrants, futures, forwards, and interest rate, credit default, total return, and equity swaps. Derivatives are financial instruments or arrangements, the risk and return of which are related to changes in reference rates, indices or the value of securities or other assets. They can provide a form of "leverage" in that they permit the Funds to speculate on fluctuations in the reference rates, indices or prices of securities or other assets while investing only a small percentage of the value of those assets. Trading and investing in derivatives can be highly speculative and can entail risks that are greater than the risks of investing directly in securities or other assets. Prices of equity derivatives are generally more volatile than indices, rates, or asset prices on which they are based. A change in the rates or indices or a change in the market price of assets underlying a derivative will cause a much greater relative change in the price of the derivative. The Funds' ability to profit or avoid risk through trading or investing in derivatives will depend largely on the Adviser's ability to anticipate changes in the underlying reference rates, indices or asset prices.

Options. Among the derivatives in which the Funds may invest or trade are options on various underliers including options on specific securities, options on securities indices and options on security futures contracts. The Funds may buy or sell (write) both call options and put options, and when it writes options it may do so on a “covered” or an “uncovered” basis. The Funds’ options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position), a form of leverage in which the Funds have the right to benefit from price movements in a large number of securities or other assets with a small commitment of capital, or an attempt to obtain profits through premiums received on options the Funds write. These activities involve risks that may be substantial. In general, the fundamental risks involved in options trading can be described as follows. For the most part, these descriptions do not take into account other positions or transactions into which the Funds may enter. Combinations of options positions, or combinations of options positions with positions in stocks or other securities, can mitigate or can increase the risks inherent in each component option position.

When the Funds *buy* a call option, it will pay a premium for the right to *buy* a security at a specified exercise price through a specified expiration date. If, at the expiration date, the market price of the underlying security is equal to or lower than the exercise price, the option will expire worthless and the Funds will lose its entire investment in the option (the premium plus commissions). When the Funds buy a put option, it will pay a premium for the right to *sell* a security at a specified exercise price through a specified expiration date. If at expiration the market price of the underlying security is equal to or higher than the exercise price, the option will expire worthless and the Funds will lose its investment.

When the Funds *sell* (writes) an option, the risk can be substantially greater than when it buys one. When it sells a call option, it will receive a premium and grant the option’s buyer the right to buy the underlying security from the Funds at a specified exercise price. If the market price of the underlying security does not increase above the exercise price, the premium the Funds receive will represent a profit. However, if the market price does increase above the exercise price, the Funds will lose the amount of the difference (less the premium it received when it sold the option). This risk is theoretically unlimited (similar to the risk of selling a security short) in that the price of the underlying security could theoretically increase without limit. When the Funds sell a put option, and grants the holder the right to force the Funds to buy the underlying security at the exercise price, it will bear the risk of a decline in the price of the underlying security below the exercise price. Thus, if the underlying security were to become valueless, the Funds theoretically could lose an amount equal to the entire aggregate exercise price of the option (minus the premium the Funds received when it sold the put). The Funds can limit its risks in writing options by writing them on a “covered” basis—*e.g.*, owning securities of the same class and in the same amount as the securities underlying a call option it writes, or having a short position in the securities underlying a put option it writes. Although covering reduces the risks of selling options, as with all hedging strategies, it can involve transaction costs and may inherently limit the potential for profit from the option position.

Valuation Risks. Many of the securities in which the Funds may invest will be traded in markets that are not as active or deep as many other equity markets, or may be or become subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods, resulting in unreliability of pricing information. Because of market inefficiencies, there can be material variation of bid/ask pricing from different dealers. Further, if an issuer’s financial condition deteriorates, accurate financial and business information can become limited or entirely unavailable and prices for positions the Funds hold may not be available from any source. Where third-party pricing information for a position is not available, or where the Adviser considers market-based pricing information not to be indicative of the position’s value, investments will be valued in the Adviser’s discretion. The Adviser may face conflicts of interest in making valuation decisions.

As a result of these and other factors, there can be no assurance that the valuation of the Funds’ investment positions will accurately reflect the amount the Funds could obtain (or would be required to pay as to some

types of derivatives positions) if it were to try to sell the security or close the position.

Forward Trading. The Funds may trade in forward contracts. Unlike exchange-traded futures contracts and options on futures, forward contracts are not regulated by the CFTC and accordingly the Funds will not receive any benefit of CFTC regulation of these trading activities. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Funds for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current contract price and the value of those commitments at the forward contract price. At times, certain market makers have refused to quote prices for forward contracts, or have quoted prices with an unusually widespread between the price at which they are prepared to buy and sell. Should this occur, the Funds could experience significant losses.

Risks of Futures/Commodities Activities. The Adviser may cause the Funds to engage in trades involving futures, commodities and/or commodity interests (*e.g.*, futures contracts on commodities, securities indices or currencies). It will not do so, however, until and unless the Adviser has properly registered with the CFTC and the National Futures Association (“NFA”), or has concluded that such registration is not necessary, and until and unless all applicable disclosure requirements have been met. As with some other derivatives, futures can provide a form of leverage, allowing the Funds to participate in market price fluctuations of securities indices, interest rates or commodity interests underlying futures (or options on futures), while only investing a small percentage of the value of those underlying securities indices, rates or commodity interests. Trading in futures is highly speculative and may entail risks that are greater than investing in securities. Some of those risks include the following:

Prices of commodity interests are generally more volatile than prices of securities and can fluctuate dramatically in connection with (among other things): interest rate changes; weather and climate conditions; changing supply and demand relationships; governmental, agricultural, trade, fiscal, monetary and exchange control programs and policies; and national and international political and economic events and terrorism. In addition, governments intervene in particular markets from time to time, both directly and by regulation, often with the intent to influence prices.

The leverage aspects of futures trading can increase the risks involved in a particular activity as well as the potential return. The Funds may open a futures position by placing with a futures commission merchant an initial margin that is small relative to the value of the futures contract. If the market moves against the Funds’ position or margin requirements are increased, the Funds may be required to pay substantial additional funds on short notice to maintain its position. If the Funds were to fail to make those payments, its position could be liquidated at a loss, and the Funds would be liable for any resulting deficit in its account.

Futures positions may be illiquid. They may be closed out only on the exchange on which they were entered into or through a linked exchange. Most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day. Once the price for a particular contract has increased or decreased by an amount equal to the “daily limit,” positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. Such an occurrence could prevent the Funds from liquidating unfavorable positions and subject it to substantial losses. In addition, the Funds may not be able to effect futures contract trades at favorable prices if trading volume in those contracts is low.

The Funds’ futures and options activities may include futures and options traded in non-U.S. markets. The risks of these activities may be greater than those of trading in futures and options on U.S. exchanges. For example, foreign futures and options are cleared on and subject to the rules of a foreign board of trade. Neither the CFTC nor the NFA regulates activities of any foreign board of trade, including execution, delivery and clearing of transactions. Moreover, these agencies have no enforcement authority over foreign boards of trade. In addition, funds provided for foreign futures and options may not be provided the same

protections as funds received in respect of U.S. transactions.

Concentration of Investments. The Partnership Agreement does not limit the amount of capital that may be committed to any single investment, industry or sector. While the Funds generally attempt to spread capital among a number of investments, at times it may hold a relatively small number of positions, each representing a relatively large portion of the Funds' capital. The Funds may at times have a relatively large portion of its capital exposed to a particular industry or market sector. Losses in one or more large positions, or a downturn in an industry or market sector in which the Funds are concentrated, could materially adversely affect the Funds' performance in a particular period and could have a materially adverse effect on the Funds' overall financial condition. *See* "Investment Objectives and Strategies."

Limited Liquidity of Some Investments. The Funds may invest in securities that, while they are publicly traded, are relatively illiquid. That may be because a security is thinly traded or because the Funds' position in a security is large in relation to the overall market for the security. The Funds may own (or have a short position in) securities that are relatively liquid when acquired (or sold short) but that later become illiquid. The Funds may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing the Funds' profits, or increasing its losses, in the positions (and rapid purchases to cover short positions could have the corollary effect). The value assigned to illiquid securities (including thinly traded securities) and large blocks of securities for purposes of determining Partnership Percentages and determining Net Profit and Net Loss may differ from the value the Funds are ultimately able to realize on those securities.

Non-U.S. Investments. The Funds may invest in securities of non-U.S. companies and/or securities denominated in currencies other than U.S. dollars. These may include securities issued by companies in, and traded in, so-called "emerging markets." Non-U.S. investing, and investing in emerging markets in particular, will subject the Funds to certain risks not typically associated with investing in securities in the United States. Many non-U.S. stock markets are not as developed or efficient as those in the United States and may be more volatile than U.S. markets. The costs and expenses of investing in non-U.S. markets are generally higher than in the United States. There is generally less publicly available information about non-U.S. companies as compared with U.S. companies. This makes it more difficult for the Adviser to keep informed of corporate action that may affect the price of a particular security. Additionally, some non-U.S. economies are less stable than the U.S. economy, due to, among other things, volatile political environments, less stable monetary systems and/or external political risks.

The Fund may pursue some non-U.S. investing through American Depositary Receipts, or other similar securities representing ownership of foreign securities (collectively, "Depositary Receipts"). Depositary Receipts generally evidence an ownership interest in a corresponding foreign security on deposit with a financial institution. Transactions in Depositary Receipts usually do not settle in the same currency in which the underlying securities are denominated or traded. Investing through Depositary Receipts involves substantially the same risks as investing directly in non-U.S. securities.

Dividend and interest payments on certain foreign securities owned by the Fund may be subject to foreign withholding taxes, as may realized capital gains. Such taxes will reduce net proceeds to the Fund.

Difficulty of Locating Attractive Investments. Identifying, completing and realizing gain on attractive investments is a highly competitive activity and involves significant uncertainty. The Funds will compete for investments with other investment vehicles, as well as financial institutions and other institutional investors, which may have more resources than the Fund.

New Issues. The Funds may invest in "new issues"—initial public offerings of equity securities. Partners who are "restricted" under the rules of FINRA, as well as executive officers and directors of certain

companies that have or may have certain investment banking relationships with broker-dealers selling new issues, may be limited in the amount of profits (if any) that they may be allocated from new issues in which the Funds may invest or prohibited entirely from participating in a new issue. To the extent a Partner is “restricted,” an investment in the Funds may produce lower performance than that experienced by investors who are not restricted. Any Partner who does not provide the General Partner with information sufficient to show that he or she is not restricted will be presumed to be restricted.

Changes in Investment Strategy. The Investment Management Agreement gives the Adviser broad discretion to expand, contract or otherwise change the Funds’ activities without notice to or the consent of the Limited Partners. Thus, the investment strategies described elsewhere in this Memorandum may be altered without prior approval by, or notice to, the Limited Partners if the Adviser believes the change is in the Funds’ best interests. Any such change could result in the exposure of the Funds’ capital to additional risks, which may be substantial.

Portfolio Turnover. The Funds may have higher portfolio turnover than other investment funds. If that occurs, the brokerage commissions incurred by the Funds may be higher than those incurred by a fund with a lower portfolio turnover rate.

Fund Risks

Limited Liquidity. An investment in the Funds is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for Interests and the Partnership Agreement imposes significant limitations on Limited Partners’ abilities to transfer their Interests. In addition, rights to withdraw capital from the Funds are subject to several limitations. A Limited Partner generally may withdraw capital only as of the last day of a calendar quarter, on 45 days’ prior written notice. All withdrawals are subject to certain dollar limitations. The General Partner has the discretion to deliver amounts withdrawn in assets other than cash. Further, as to all or a portion of a withdrawn amount, the General Partner may segregate a portion of the Funds’ assets equal to some or all of the withdrawn amount, to be held in an account owned by the Funds or in a separate entity (a “*Liquidating Fund*”) and liquidated for the benefit of the withdrawing Limited Partner or Partners. In such a case, the investments segregated may be relatively illiquid and the Limited Partner would bear the risk of a decline in their value after the effective time of his or her withdrawal. See “Withdrawals.”

Effect of Substantial Withdrawals. Substantial withdrawals by Limited Partners within a short period of time could require the Funds to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Funds’ assets and/or disrupting the Adviser’s investment strategy. Reduction in the size of the Funds could make it more difficult to generate a positive return or to recoup losses. Among other things, at lower asset sizes the Funds may be less able to take advantage of particular investment opportunities, and withdrawals can decrease the ratio of the Funds’ income to its expenses. In addition, withdrawals or redemptions by investors in other investment vehicles or accounts the Adviser manages, some of which may have more advantageous information and/or liquidity rights than those provided to Limited Partners, could adversely affect the value of portfolio positions held by the Fund.

Suspension of Withdrawals. The General Partner may suspend the right of any Partner to withdraw capital or to receive a distribution from the Funds if, in the General Partner’s judgment, such a suspension would be in the best interests of the Fund. Situations in which a suspension might occur include, but are not limited to: when a withdrawal would cause the Fund, the Adviser or the General Partner to violate securities or commodities or other laws; when disruptions in markets for the Funds’ investments make pricing and/or liquidation of some or all Fund assets difficult or would result in losses if the Funds attempted such liquidations; when the General Partner determines, in consultation with tax advisors, that the withdrawal could result in the Funds being treated as a “publicly traded partnership”; or when there exist other

extraordinary circumstances, as determined by the General Partner, that cause withdrawals or payments to be impracticable under existing economic or market conditions or conditions relating to the Funds (such as simultaneous withdrawal requests that, in the aggregate, cannot be fulfilled without material adverse effects on the Funds or their Partners).

Potential Mandatory Withdrawal. The General Partner may, in its sole discretion at any time, require a Limited Partner to withdraw all or a portion of his or her Capital Account balance. A mandatory withdrawal could result in adverse tax and/or economic consequences to that Limited Partner. *See* “Withdrawals.”

Investment Restrictions on Certain Partners. Certain prospective Partners (such as tax-exempt foundations and employee benefit plans) may be subject to federal and state laws, rules and regulations that regulate their participation in the Fund, or may impose consequences on their engaging directly, or indirectly through an investment in the Fund, in investment strategies of the types which the Funds may use (*e.g.*, short sales of securities and the use of leverage, the purchase and sale of options and limited diversification).

Risks Associated with the Incentive Allocation. The Incentive Allocation could encourage the General Partner to make investments on behalf of the Funds that are riskier or more speculative than it would if the General Partner were receiving only a flat fee. Further, because the General Partner will receive an Incentive Allocation as to unrealized gains that may never be realized and will not return an Incentive Allocation paid for one period if, in a subsequent period, the Funds experience losses, the Incentive Allocation may be greater than it would be if it were based solely on realized gains. *See* “Management Fee, Incentive Allocation and Expenses.”

Reliance on Technology; Cybercrime. The Fund relies heavily on computer hardware and software, online services, and other computer-related or electronic technology and equipment to facilitate their investment activities. Events beyond Westerly’s control could cause a disruption in the operation of any of that technology or equipment, causing the Fund to experience losses, liabilities, or other adverse effects. In particular, the Fund is subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes, and practices Westerly Partners, L.P. Confidential Offering Memorandum—Page 23 3LEGAL 4871-6214-4047v.2 designed to protect networks, systems, computers, programs, and data from “hacking” by other computer users, other unauthorized access, and the resulting damage and disruption of hardware and software systems, loss or corruption of data, and misappropriation of confidential information. If a cybersecurity breach were to occur, the Fund may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose both the Fund and Westerly to civil liability as well as regulatory inquiry and/or action. Investors could also be exposed to additional losses as a result of unauthorized use of their personal information.

Conflicts of Interest. The General Partner and the Adviser will be subject to a variety of conflicts of interest in managing the Funds’ assets and affairs. For example, the General Partner or the Adviser will have an incentive to assign higher values to investment positions for which there are no readily available quotations than the values that may ultimately be realized by the Fund. The Adviser currently manages another investment fund with investment objectives substantially identical to the Funds, and may in the future manage additional investment funds and/or client accounts, and/or form additional investment vehicles and serve as investment manager or general partner of those entities. Those other investment funds, client accounts and pooled investment vehicles may have investment objectives similar in some respects or substantially identical to those of the Fund. The Adviser and its members and affiliates (including the General Partner) may invest or have an interest in such other investment vehicles and themselves invest or

trade in securities and other instruments, including positions in which the Funds invest, they may do so at different times and for different purposes than the Fund, and neither the Adviser nor any of its affiliates is obligated to make any particular investment opportunity available to the Funds or to refrain from taking advantage of any opportunity, either for other accounts the Adviser manages or for themselves. Either the Adviser or General Partner may, acting on the Funds' behalf or otherwise, enter into investment transactions with any Limited Partner and/or any company affiliated with or owned by any Partner. *See* "Potential Conflicts of Interest."

No Minimum Size of Fund. The Funds may begin operations without attaining any particular level of assets. At low asset levels, the Funds may be unable either to diversify its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale, including the ability to obtain the most timely and valuable research and trading information from securities brokers. It is possible that even if the Funds operate for a period with substantial capital, Partners' withdrawals could diminish the Funds' assets to a level that does not permit the most efficient and effective implementation of the Funds' investment program.

Idle Funds. While the Adviser will endeavor to keep the Funds' assets invested, there may be periods of time before and after an investment position when the Funds have a significant portion of its assets in cash or cash equivalents. The investment return on such "idle funds" is not expected to meet the overall return objective the Adviser seeks through the Funds' investment program.

Broad Indemnification of General Partner and the Adviser. The Partnership Agreement and the Investment Management Agreement contain provisions for indemnification of the General Partner, the Adviser and their respective officers, employees, members and other affiliates against claims or lawsuits arising out of the Funds' activities that is broader than the protections that would apply in the absence of such provisions. In general, those persons and entities are to be held harmless from any claims, losses, damages and other types of liabilities ("*Losses*"), arising out of their activities involving the Funds, except to the extent those Losses are found to have resulted from their gross negligence or willful violation of law. The Funds have not purchased, and does not presently intend to purchase, any insurance relating to its indemnity obligations. *See* "Summary of the Partnership Agreement—General Partner Exculpation and Indemnification."

Tax Risks

Accounting for Uncertainty in Income Taxes. Accounting Standards Codification Topic No. 740, "Income Taxes" (in part formerly known as "*FIN 48*") ("*ASC 740*"), provides guidance on the recognition of uncertain tax positions. ASC 740 prescribes the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on recognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Funds, including reducing the Net Asset Value of the Funds to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable by the Funds. This could cause benefits or detriments to certain investors, depending upon the timing of their entry and exit from the Funds.

ITEM 9 – DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client or potential client's evaluation of Westerly Capital Management LLC's advisory business or the integrity of its management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Westerly Capital Management LLC nor its employees are registered as broker-dealers, and neither has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

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

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons". Access Persons include, generally, any partner, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees and contractors of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Clients and investors above their own interests and the interests of the Adviser. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "CCO"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt and understanding of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1. Further, the Adviser may place certain securities on a "Restricted List" comprised of names of issues of securities about which the Adviser (including Access Persons) have learned material, nonpublic information. Access Persons are strictly prohibited from purchasing or selling securities that appear on the Restricted List.

In addition, the Code seeks to ensure the protection of nonpublic information about the activities of the Clients, investors and prospective investors. Investors or prospective investors may obtain a copy of the Code by contacting the CCO, Anders Kamperin at ak@westerlycap.com.

Access Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an Access Person could make improper use of information regarding a Client's holdings or future transactions or research paid for by the Client. An Access Person could take for himself or herself an investment opportunity available to a Client or could engage in "front-running" of the Client's investment.

Westerly Capital Management LLC seeks to manage the potential conflicts of interest inherent in Access Person personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines for Access Persons. The Adviser requires that Access Persons pre-clear certain securities transactions in their personal accounts, including transactions in public equities and equity-like securities, initial public offerings ("IPOs"), limited offerings, and securities of any company that operates in the industries that are within the scope of the investment activities of the Adviser. Access Persons must also obtain pre-approval from the CCO prior to engaging in any outside business activities. Requests for pre-clearance are reviewed for potential conflicts of interest with the Clients.

Westerly Capital Management LLC will provide a copy of the Code to our investors, or any prospective investors, upon request.

ITEM 12 – BROKERAGE PRACTICES

As described in Item 4 above, Westerly Capital Management LLC is the investment adviser to the Clients. The Adviser has the authority to select brokers for its Clients' transactions. As an Adviser, the Adviser has a duty to obtain "Best Execution" of client transactions. Elements of Best Execution may include best price (best price is considered to be the highest price that a client can sell a security and the lowest price that a client can purchase a security), timeliness of execution, the value of research provided, the responsiveness of the broker-dealer, and the broker-dealer's financial resources. The Adviser's "Best Execution Policy" requires that all trades be executed through approved broker-dealers and that the Adviser reviews the performance of its broker-dealers to evaluate whether the Adviser is obtaining Best Execution for its Clients' trades.

The CCO will create and maintain an "**Approved Broker List**" based upon criteria established by the Adviser. Traders will place orders solely with broker-dealers appearing on the Approved Broker List, unless the trader receives written authorization from the CCO to use another broker-dealer. The CCO will update the Approved Broker List as new relationships are established or as relationships are terminated or modified.

The CCO periodically will review the performance of each executing broker and consider, among other things, the quality of executions provided, the cost of executions, soft dollar arrangements, and potential conflicts of interest including the receipt of Client referrals.

As a matter of fiduciary duty, the Adviser will ensure that, when allocating and aggregating securities transactions, all participating Clients are treated in a fair and equitable manner.

ITEM 13 – REVIEW OF ACCOUNTS

Westerly Capital Management LLC continuously monitors and analyzes the transactions, positions, and investment levels of the Funds to ensure they conform with the investment objectives and guidelines that are stated in the Funds' offering documents. In these reviews, the Adviser pays particular attention to any changes in the investment's fundamentals, overall risk management and changes in the market.

The Funds will furnish to each investor monthly performance updates and an annual report that will include audited financial statements as of the end of each fiscal year.

ITEM 14 – CLIENT REFERRALS AND COMPENSATION

Westerly Capital Management LLC has entered into an agreement with a broker-dealer as a placement agent (the “Placement Agent”) to introduce the Firm to prospective investors and may enter into additional similar agreements in the future. Pursuant to this agreement, we pay to the placement agent a percentage of the management fee and performance-based fee collected from the investor introduced to us by the Placement Agent.

ITEM 15 – CUSTODY

Westerly Capital Management LLC is deemed to have custody of Client assets pursuant to Advisers Act Rule 206(4)-2. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), the Adviser will distribute each of the Fund's audited financials to investors within 120 days of such Funds fiscal year end.

Fund assets and securities are maintained with a qualified custodian. The qualified custodians utilized by Westerly Capital Management LLC are disclosed in the Adviser's Form ADV Part 1.

ITEM 16 – INVESTMENT DISCRETION

Westerly Capital Management LLC has discretionary authority to manage securities accounts on behalf of the Clients. The Adviser is authorized to make transaction recommendations for the Clients. As explained in Item 8 above, the Client's investment strategy is set forth in detail in such Client's Governing Documents. Fund investors do not have the ability to impose limitations on the discretionary authority of the Adviser. Fund investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in an investment pool.

ITEM 17 – VOTING CLIENT SECURITIES

Westerly Capital Management LLC has authority to vote Client securities.

The Adviser will vote proxies or solicitations in the best interests of the Clients. Prior to voting a proxy or solicitation addressed to the Clients, the Adviser reviews the proxy or solicitation to determine if there are any conflicts of interest. If a conflict is identified, the Adviser then makes a determination as to whether the conflict is material or not. If no material conflict is identified pursuant to these procedures, the proxy will be voted in accordance with the best interest of the Clients.

If a material conflict is identified, the Adviser will determine what course of action is in the best interests of the Client.

Fund investors do not have the ability to direct proxy or solicitation votes. Investors may obtain additional information regarding how Westerly Capital Management LLC voted proxies or solicitations and may obtain a copy of the Adviser's voting policies and procedures, by request.

ITEM 18 – FINANCIAL INFORMATION

There exists no financial condition that is reasonably likely to impair Westerly Capital Management LLC's ability to meet its contractual commitments to the Clients.