

# Jacobs Asset Management, LLC

11 East 26<sup>th</sup> Street, Suite 1900  
New York, NY 10010

(212) 271-5526

[www.jampartners.com](http://www.jampartners.com)

March 26, 2024

This Brochure provides information about the qualifications and business practices of Jacobs Asset Management, LLC (“JAM”, “Adviser”, “We”, or “Our”). JAM is an SEC registered investment adviser. Any reference to JAM as a “registered investment adviser” or as being “registered” does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

This document is not an advertisement, an offer to sell or the solicitation of an offer to purchase interests in any Fund managed by JAM. Offers to invest in any such interests may be made only pursuant to appropriate offering documents. Investors must be qualified and approved prior to investing.

If you have any questions about the contents of this Brochure, please contact us at (212) 271- 5526. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

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

## Jacobs Asset Management, LLC

---

### **Item 2: Material Changes**

JAM has updated this Form ADV Part 2A (brochure) as part of the annual amendment process. There have been material amendments to the following items since our previously filed brochure dated March 31, 2023:

Item 4 was amended to identify current JAM Funds.

# Jacobs Asset Management, LLC

---

## Item 3: Table of Contents

Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance-Based Fees and Side-By-Side Management.....	6
Item 7: Types of Clients.....	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9: Disciplinary Information .....	11
Item 10: Other Financial Industry Activities and Affiliations.....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	12
Item 12: Brokerage Practices .....	13
Item 13: Review of Accounts .....	15
Item 14: Client Referrals and Other Compensation .....	15
Item 15: Custody .....	15
Item 16: Investment Discretion .....	16
Item 17: Voting Client Securities .....	16
Item 18: Financial Information .....	16

## Jacobs Asset Management, LLC

---

### Item 4: Advisory Business

JAM is a Delaware limited liability company that was established in 1995 and is principally owned by Seymour (Sy) Jacobs ("Principal").

JAM provides investment management services on a discretionary basis to privately offered pooled investment vehicles consisting of a hedge fund and a private equity fund that are exempt from registration under Section 3(c)(1) the Investment Company Act of 1940, as amended.

Currently, JAM provides investment management services to the private funds listed in the table below (each a "Fund," and together with any future private investment fund to which JAM or its affiliates provide investment advisory services, "Funds" or "JAM Clients" or "Clients"). Each Fund's Managing Member or General Partner (each, a "Managing Member" and together, the "Managing Members") are also indicated in the table. The Principal, along with certain unaffiliated third parties ("the Managing Member Owners"), directly or indirectly, jointly control and principally own JAM Managers, LLC and JAM Special Opportunity Ventures LLC..

<b>Fund</b>	<b>Managing Member/ General Partner</b>	<b>Fund Type</b>
JAM Partners, L.P.	JAM Managers, LLC	Hedge Fund
JSOV I TB	JAM Special Opportunity Ventures LLC	Private Equity Fund

JAM is the investment manager to a domestic 3(c)(1) hedge fund, JAM Partners, L.P. (the "Hedge Fund").

JAM's private equity fund, JSOV I TB, has a defined investment period and ultimately a defined termination date. JSOV I TB is no longer accepting new investors and will not be a focus of this brochure. The purpose of JSOV I TB is to purchase interests in the sponsor of a special purpose acquisition company ("SPAC"). Dissolution will occur in accordance with the Operating Agreement following the occurrence of any of the following events: (a) the liquidation of the SPAC following its failure to consummate a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses; (b) the distribution of all or substantially all of the securities held by JSOV I TB (c) the sale or other disposition of all or substantially all of the securities held by JSOV I TB and the distribution of the net proceeds resulting therefrom in accordance with the Operating Agreement.

JAM does not provide investment advice to investors in the Funds, therefore we generally do not permit investors in the Funds to impose limitations on the investment activities described in the offering documents for the funds.

As of December 31, 2023, regulatory assets under management were approximately \$291,421,901, all of which are managed on a discretionary basis.

# Jacobs Asset Management, LLC

---

## Item 5: Fees and Compensation

### Management Fees: Hedge Fund

JAM receives a management fee at the annual rate of 1.0% or 1.5% of each limited partner's capital, depending on the class of limited partnership interest, as described more fully in the Limited Partnership Agreement. Although the management fee is not negotiable, JAM or its affiliates, in their sole discretion, waives or modifies the management fee for certain limited partners including members, employees, or affiliates of the general partner or the Management Company, or other strategic investors.

The management fee for each fiscal quarter will be calculated as of the first day of such quarter based on the value of net assets of the Hedge Fund as of such date and will generally be paid in three equal installments within 10 days after the beginning of each month in the relevant quarter. The management fee will be prorated for periods less than a full fiscal quarter.

Certain fund investments may provide opportunities to generate additional income for the benefit of both the fund and JAM or its affiliates. For example, JAM or its affiliates may occasionally receive monitoring fees, consulting fees and/or Transaction Fees related to certain Portfolio Companies (as defined herein). Currently, any fees received by JAM are used to reduce the management fee in accordance with the specific terms outlined in each respective fund's offering documents.

All investment management services may be terminated in accordance with the terms outlined in each respective investment management agreement.

### Management Fees: Private Equity Fund

JAM does not receive a management fee for JSOV I TB.

### Other Fees

In addition to the management fee, each Fund bears its allocable share of expenses associated with the operations of the Funds, which may include but are not limited to:

- Organizational expenses, including legal, accounting, and administration fees, and filing fees, and all other out of pocket expenses reasonably incurred in connection with the organization of the JAM Funds
- Ongoing expenses, including costs relating to the due diligence of prospective Portfolio Companies, legal, tax, accounting, auditing, administration, regulatory registration and filing fees (including, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings and other similar regulatory filings), independent valuations, and professional advice of consultants retained on behalf of the JAM Funds
- Investment expenses, including commissions, certain research fees, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, custodial fees, bank service fees, and all other investment related expenses
- Extraordinary expenses such as litigation and indemnification
- Due diligence and related travel expenses

Broken deal expenses, if any, are generally allocated to JAM's Clients based upon their indicative level of commitment. Co-investors invited to invest alongside JAM Clients will share in the cost of broken deal expenses if they are directly attributable to and/or compounded by the co-investor's participation; otherwise, JAM will absorb their pro-rata share of broken deal expenses.

Potential investors should review the appropriate offering documents for complete disclosure of

---

investor expenses.

Neither JAM nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

### **Hedge Fund**

In addition to the management fee, investors in the fund are subject to an incentive fee equal to 20% of the fund's net profits, payable to JAM Managers, LLC and the Managing Member Owners. The incentive fee is subject to a loss carryforward provision as outlined in the fund offering documents and is payable at the end of each fiscal year. JAM, in its sole discretion, waives or modifies the incentive allocation for certain limited partners that are members, employees, or affiliates of the general partner or the Management Company, or other strategic investors. The specific details of the fund's fees and methods of calculation are outlined in its offering documents.

### **Private Equity Fund**

Investors in JSOV I TB are subject to a fee equal to 20% of the fund's distributions, payable to JAM Special Opportunity Ventures LLC and the Managing Member Owners. The fee is subject to the distribution provisions as outlined in the Operating Agreement.

### **Conflicts Surrounding Performance-Based Fees**

Performance-based arrangements create an incentive for JAM to recommend investments that are more risky or speculative than those that would be recommended under a different fee arrangement. Performance-based arrangements also create an incentive to favor higher paying accounts over lower paying accounts in the allocation of investment opportunities. Additionally, under some performance-based structures, JAM may benefit when capital gains are recognized and, because it determines when an investment is sold, JAM controls the timing of the recognition of capital gains. JAM or its affiliates, or their respective principals or personnel, also own a portion of Funds that JAM manages. This creates a similar performance-based incentive to that mentioned above.

To address these conflicts, our policies and procedures require that investment decisions be made based on the best interests of our Clients, without consideration of pecuniary interests of JAM or its employees. JAM has implemented policies and procedures that govern the allocation of portfolio transactions and investment opportunities across Client accounts. In general, the way portfolio transactions and investment opportunities are allocated to accounts depends upon certain factors (e.g. how much liquidity is available within a Fund, the desired position size, the investment period of the Fund, whether there are limitations or restrictions imposed on a Fund due to its investment mandate). Supporting documentation for trade allocation is reviewed periodically by the Chief Compliance Officer to determine compliance with established policies and procedures.

### **Valuation**

The calculation of performance-based fees received from the JAM Funds may include an element of unrealized gains and losses. As such, JAM may have an incentive to value certain assets or liabilities favorably.

JAM has adopted a valuation policy to govern the valuation of securities held by its Clients and to address potential conflicts of interest associated with security valuations. The policy and related procedures are intended to comply with FASB Accounting Standards Codification Topic 820 (also formerly known as Statement of Financial Accounting Standards No. 157) which defines fair value as the

## Jacobs Asset Management, LLC

---

price that would be received to sell an asset or paid to transfer a liability (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date.

In determining fair value, JAM uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs are to be used when available. The fair value hierarchy is categorized into three levels based upon the inputs as follows:

- Level 1 – Valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities that JAM has the ability to access
- Level 2 – Valuations based on inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly.
- Level 3 – Valuations based upon inputs that are unobservable and significant to the overall fair value measurement.

As part of its policy, JAM has engaged various independent valuation groups on behalf of JAM Clients to perform independent valuation procedures for certain Level 3 assets in Client portfolios. The administrators and auditors of JAM Clients also provide an additional level of review of the consistent application of JAM’s valuation policy.

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

As described in Item 4 above, JAM’s Clients are private funds. The investors in the private funds are primarily accredited investors or qualified clients as defined in the Investment Company Act, and may include, amongst others, high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, limited partnerships and limited liability companies.

The offering documents of the Hedge Fund set minimum amounts for investment by prospective investors. These minimum amounts may be waived by JAM or an affiliate for one or more investors (or prospective investors) as long as they qualify to invest based on all other suitability and regulatory requirements. JAM may decline to accept an investment even if the proposed investor satisfies such suitability and regulatory requirements.

Occasionally, JAM may find investment opportunities that are larger than the desired investment size for any of JAM’s Clients. In such instances, JAM may present co-investment opportunities to certain underlying investors and/or other strategic partners of JAM. Co-investors that enter into an investment management agreement with JAM would be considered JAM Clients.

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

#### **Hedge Fund**

##### **Investment Strategy and Methods of Analysis**

The investment objective of the Hedge Fund is to achieve capital appreciation over a multi-year time horizon primarily through investments in equity securities that JAM believes are undervalued. We invest predominantly in U.S. publicly traded securities of finance companies including banks, thrifts, brokers, asset managers, insurance, mortgage, specialty finance, REITs, homebuilders, financial technology, and other financial intermediaries.

The fund sells short stocks we believe are overvalued and uses other instruments to neutralize market risk so that the performance of the fund reflects our stock picking results rather than the fluctuations and trends of the broader stock market. The fund may take either long or short positions in both U.S. and foreign securities, hedge the portfolio through options or other instruments, purchase securities on margin, and invest in a broad array of registered and unregistered securities.

The investment approach of the fund is research intensive and may be contrarian in nature. The fund intends to focus on small and medium capitalization companies where we perceive that the stock market either misunderstands a company's prospects or is largely ignoring the company. Furthermore, we believe that the stock market's migration towards "momentum" investing (the concept that earnings and stock prices will continue to head in the direction they have been heading) creates tremendous opportunities for those who take the time to understand a company's value and prospects rather than assume that a company's immediate future will look like its immediate past.

JAM also believes that "momentum" investing contributes to excessive stock price swings in both directions and creates trading opportunities even in stocks that are held for long-term investment. However, short-term trading is a secondary focus of the fund.

The following is a general summary of the **risks associated with an investment in the Hedge Fund**:

***Material Risk of Loss***

An investment in the fund is speculative and one that is not intended to be a complete investment program, especially given that our strategy is to focus on investments in the financial services sector. The fund is designed only for sophisticated persons who are able to bear the risk of the loss of their entire investment. There can be no assurances that the fund will achieve its investment objective. Investors should carefully evaluate the following considerations, in conjunction with complete details outlined in the Offering Memorandum and Limited Partnership Agreement, before investing in the fund.

***Market Risks***

The profitability of a significant portion of the fund's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the fund will be able to predict accurately these price movements. With respect to the investment strategy utilized, there is always some, and occasionally a significant, degree of market risk.

***Short Sales and Options***

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the portfolio. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security which could result in an inability to cover the short position or theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. Purchasing put and call options, as well as writing such options, while often utilized to hedge investments, are highly specialized activities and entail greater than ordinary investment risks. Trading in futures contracts and options thereon are highly specialized activities which, while they may increase the total return on the fund's investments, may entail greater than ordinary investment risks.

***Foreign Securities***

Investing in securities of foreign governments and companies which are generally denominated in foreign currencies, and utilization of foreign currency forward contracts and options on foreign



## Jacobs Asset Management, LLC

---

currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

### ***Private Placements and Other Similar Investments; Other Restrictions***

Investments in private placements and other similar investments may involve a high degree of business and financial risk, including execution and operational risks associated with start-up companies that can result in substantial losses. In addition, there is no existing market for the purchase and sale of such investments so that such investments may be difficult to value. The fund may not be able to readily sell such investments. Also, there are times when the principal or a member of the general partner will be involved as a director in Portfolio Companies owned by the fund. Such a relationship with a Portfolio Company may restrict the fund from buying or selling stock in that company for periods of time while the principal or member of the general partner is a director.

### ***Leverage***

While the use of borrowed funds can substantially improve the return on invested capital, their use may also increase an adverse impact to which the investment portfolio may be subject.

### ***Derivatives and Hedging***

The fund may engage in hedging and other risk management strategies and techniques that could involve a variety of derivative transactions. While these transactions attempt to reduce risk, they may entail other risks that become especially pronounced during periods of market volatility. Thus, while the fund may benefit from the use of hedging, such fund may experience a material financial loss or worse overall performance than it would have if it had not entered into any transaction involving such instruments, due to unanticipated changes in interest rates, securities prices or currency exchange rates. If such material financial loss or worse overall performance occurs, the overall return on investment realized by a fund, directly, and the fund and its investors, indirectly, may be less than if the fund had not entered such hedging transaction.

### ***Diversification***

The fund's portfolio is not required to be diversified, it may be concentrated in a relatively small number of companies and there may be a high concentration of companies in the financial services industry. Accordingly, the investment portfolio of the fund may be subject to more rapid change in value than would be the case if the fund were required to maintain a wide diversification among companies, securities and types of securities.

### ***Liquidity of Fund Assets***

Fund assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which only Rule 144A-like markets exist to transact. The sale of any such investments may be possible only at substantial discounts, and it may be extremely difficult to accurately value any such investments. In addition, the fund's investment approach focuses on small and medium capitalization companies. At any given time, the fund may have significant investments in smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies.

---

## ***Reliance on Key Personnel***

The success of the fund depends in substantial part upon the skill and expertise of JAM and the principals. The fund's limited partners must rely entirely on such persons to manage the affairs of the fund. The limited partnership agreement does not permit the limited partners to engage in the active management and affairs of the fund and the limited partners must rely on the ability of JAM and the principals to identify, structure and make appropriate investments for the fund and to manage and dispose of such investments.

## ***Counterparty Risk***

Many of the markets in which the fund effects its transactions may be "over-the-counter" or "inter-dealer" markets. The participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. When a fund invests over-the-counter transactions (including options), it is assuming a credit risk with regard to parties with which it trades and also bears the risk of settlement default. These risks may differ materially from those associated with transactions effected on an exchange, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. This exposes the fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the fund to suffer a loss.

## ***Small to Medium Cap Stocks***

The fund's investment approach focuses on small and medium capitalization companies. At any given time, the fund may have significant investments in smaller-to medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These securities often involve significantly greater risks than the securities of larger, better-known companies.

## ***Debt Securities***

Investments in debt obligations are subject to the risk of non-payment of scheduled principal and interest. Changes in economic conditions or other circumstances may reduce the capacity of the party obligated to make principal and interest payments on such instruments and may lead to defaults. The value of a debt obligation also may decline because of concerns about the issuer's ability to make principal and interest payments. The fund may invest in debt securities which are unrated by a recognized credit-rating agency or below investment grade and which are subject to greater risk of loss of principal and interest than higher-rated debt securities. The fund may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The fund may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The fund will therefore be subject to credit, liquidity and interest rate risks. In addition, evaluating credit risk for debt securities involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Also, the market for credit spreads is often inefficient and illiquid, which can make it difficult to accurately calculate discounting spreads for valuing financial instruments.

## ***Director Liability***

The Hedge Fund will occasionally seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all Portfolio Companies may obtain insurance with

## Jacobs Asset Management, LLC

respect to such liability, and the insurance that companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

### **Cybersecurity**

As part of its business, JAM processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the investors. Similarly, service providers of JAM and the Funds may process, store and transmit such information. JAM has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The Funds and their service providers may still be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to JAM may be susceptible to compromise, leading to a breach of the JAM's network. JAM's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Online services provided by JAM to investors may also be susceptible to compromise. Breach of JAM's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The Funds may also be the targets of cyber-fraud that could result in the theft of assets from the Funds, especially as computer malware, viruses and computer hacking, fraudulent use attempts and phishing and spoofing attacks have become more prevalent. In the industry, these attacks have included third party actors submitting fraudulent withdrawal and transfer requests, resulting in the theft of the rightful investor's assets. The Funds and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

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

JAM has no legal or disciplinary events to report that would impact the evaluation by a client, investor or prospective client or investor, of our advisory business or the integrity of our management.

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

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

Aside from the investment advisory and general partner relationships between JAM and the Managing Members, on the one hand, and the applicable Funds on the other, as well as the common control of JAM and the Managing Members by Mr. Jacobs, neither JAM nor any of its management persons has a relationship or arrangement material to the business of JAM or the Funds with any related persons

## Jacobs Asset Management, LLC

---

that are among any of the following types of entities: broker-dealer; municipal securities dealer or government securities dealer or broker; other investment adviser or financial planner; futures commission merchant, commodity pool operator, or commodity trading advisor; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; sponsor or syndicator of limited partnerships.

From time to time in the future, personnel of JAM may similarly serve as members of the board of directors or a board observer of a Fund's Portfolio Company. The compensation received, if any, from Portfolio Companies in Funds paying management fees will offset the Management Fee of the Funds. In addition, as a result of such engagements, JAM may receive material non-public information with respect to an issuer. In such circumstances, the Funds may be prohibited, by law, policy or contract, for a period of time from: (i) unwinding a position in an issuer; (ii) establishing an initial position or taking a greater position in an issuer; and/or (iii) pursuing other investment opportunities related to an issuer.

JAM has certain responsibilities with respect to valuing securities and other assets of each Fund. A conflict may arise with respect to this responsibility given the management fee to be paid to JAM and the incentive fee to be earned by the general partners. Such compensation arrangement creates an incentive for JAM, to make investments that are riskier or more speculative than would be the case if such were not in effect. In order to mitigate this conflict, JAM has adopted policies and procedures to comply with its fiduciary obligation to accurately value the Funds.

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

JAM has adopted a Code of Ethics, (the "Code"), applicable to all officers and employees. The Code is designed to comply with the Investment Advisers Act of 1940 and establishes guidelines relating to personal securities trading, insider trading, conflicts of interest, gifts and business entertainment items, amongst other things. Adherence to the Code and the related restrictions on personal investing is considered a basic condition of employment.

JAM's personal trading policy permits employees to make investments in their personal accounts, subject to certain restrictions. All trades in reportable securities must be pre-approved by the Chief Compliance Officer. While employees may seek permission in limited circumstances to transact in investments that may be purchased or sold for a JAM Fund (securities within the financial sector), these investments are only approved after a high level of scrutiny to determine whether entering or exiting a position would pose a conflict or potentially harm one of JAM's Client. The procedures within our Code are intended to ensure JAM Clients' investment activities are fully satisfied prior to an employee being given permission to invest, if at all.

Transactions are reported to the Chief Compliance Officer in accordance with regulatory reporting requirements as outlined in the Code and personal trading is monitored in order to reasonably prevent conflicts of interest between JAM and its Clients and investors.

Clients and investors may contact us at the phone number provided on the front of this brochure to obtain a copy of JAM's Code of Ethics.

### **Conflicts of Interest**

#### ***JAM or its Employees Trading for Their Own Account***

Investments by JAM or its employees, for their own accounts, in securities that are also in the portfolios of JAM Clients could give the perception of interfering with our fiduciary duty of making decisions that

## Jacobs Asset Management, LLC

are in the best interest of our Clients and could otherwise have a disadvantageous effect on the values, prices or trading strategies of the JAM Clients. Our personal trading policy, described above, has been developed to address this particular conflict by establishing strict guidelines surrounding these transactions.

### ***Other Business Activities***

JAM may cause the JAM Clients to invest in (i) certain of the existing investments of its affiliates and/or members and/or (ii) certain companies that have a material relationship with the principals to the extent such opportunities meet the Client's investment criteria and we believe such investment opportunities are advantageous. This poses a conflict of interest where an investment by a Client would benefit or otherwise affect our other Clients. We intend to deal with all potential conflict of interest situations to the best of our ability in a manner that is consistent with the best interests of the JAM Clients, and we do not intend to cause any Portfolio Company to enter into a transaction with a member or affiliate of JAM on anything other than an arm's length basis. Moreover, the Funds may only invest in a Portfolio Company that has a material relationship with JAM or a principal if the terms of such investment are equal or better than those that would be obtained on an arm's length basis.

From time to time, JAM and its personnel may come into possession of material non-public information concerning specific companies, including as a result of certain JAM employees serving on or observing the boards of directors of companies. Under applicable securities laws, this may limit JAM's flexibility to buy or sell securities issued by such companies, including on behalf of the Funds. JAM's investment flexibility would therefore be constrained as a consequence of JAM's inability to use such information for investment purposes. JAM has policies and procedures in place that are intended to prevent the misuse of material non-public information by JAM employees.

### ***Side Letters***

JAM has entered into a limited number of side letters with certain investors within JAM Funds that have established different rights or privileges with respect to, but not limited to, most favored nation status, co-investment rights, manager withdrawal notifications, key man provisions, capacity, and certain tax matters.

### **Item 12: Brokerage Practices**

JAM has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions in the JAM Funds. It is not JAM's general practice to negotiate "execution only" commission rates, thus the JAM Clients may be deemed to be paying for research, brokerage or other services provided by the broker that are included in the commission rate. JAM may select broker-dealers on the basis of providing valuable research and brokerage services, such as order routing and trading software, that can reasonably be expected to benefit JAM Clients if such broker-dealers also can provide quality execution. When broker-dealers are selected on this basis, JAM may negotiate commissions that are higher than commissions for "execution only" services but are deemed reasonable in light of the value of such services.

In selecting brokers and negotiating commission rates, we take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. When appropriate, we may, but are not required to, aggregate Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

## Jacobs Asset Management, LLC

---

### ***Research and Soft Dollars***

JAM has soft dollar arrangements in place with our prime brokers pursuant to which we receive third-party research products and brokerage services, all of which meet the safe harbor criteria of Section 28(e) of the Securities Exchange Act of 1934, as amended, which provides that it is not a breach of fiduciary duty for an adviser to cause an account to pay a commission in excess of the lowest rate available if the adviser determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services provided. In addition, JAM receives valuable proprietary research services from various broker-dealers. Consistent with our responsibility to seek best execution, as part of our broker selection process we consider the value of proprietary research and related services we receive in relation to the commission paid.

The types of proprietary research, brokerage, and other products and services we received during our last fiscal year from broker-dealers as part of the services offered to their trading customers under our soft dollar arrangements were access to order routing, trading, and research software, real-time market news and analysis, pricing services, newsletters and research. All such services satisfy the criteria of Section 28(e).

This use of soft dollars creates conflicts of interest. First, the use of externally developed research, whether purchased with soft dollars or directly, supplements and may at times partially supplant the research we perform internally. Because the Funds are responsible for both research expenses and brokerage commissions, the cost of external research is borne by the Funds rather than the adviser regardless of the means of payment. This means that JAM may receive a benefit because it may not have to produce or pay for research, products or services. Also, the availability of external research could influence our selection of brokers and lead us to pay higher commission rates to research-providing brokers than the rates available from execution-only brokers, all in the manner we describe above.

Another potential conflict surrounding soft dollar usage arises when soft dollar credits generated by the trading of one Client account are applied to obtain research benefiting different or multiple Client accounts. A large portion of JAM's soft dollar credits are generated from transactions placed in the Hedge Fund, which is primarily due to the larger asset base and level of public equity transaction activity that takes place within that Fund, relative to the other JAM Clients.

During our last fiscal year, we have taken into account the quality, comprehensiveness and frequency of available research and brokerage services considered to be of value provided by brokers when directing Fund transactions to a particular broker. We directed transactions to such brokers only consistent with best execution.

JAM does not engage in the practice of seeking or considering client referrals from broker-dealers or participate in any directed brokerage arrangements.

### ***Trading Practices***

From time to time, it may be appropriate for JAM to aggregate Client orders for the purchase or sale of securities. In general, each Client that participates in an aggregated order will participate at the average share price for all JAM transactions in that security on a given business day or such shorter period, as applicable, and transaction costs will be shared pro rata based on each Client's participation in the transaction. If the aggregated order is filled in its entirety, each Client receives their allocation as specified in the trade blotter. If the aggregated order is partially filled, it is allocated among Clients pro rata. All allocations are made at the time of the completed trade.

---

## **Trade Errors**

Trade errors can occur due to miscommunication with brokers or other system or human errors. JAM's policy is that any cost or benefit resulting from errors in trade instruction or implementation will be borne by the Fund(s). The Chief Compliance Officer is made aware of any trade errors and maintains a log with a description and resolution of the errors.

## **Item 13: Review of Accounts**

### **Review**

JAM utilizes reports provided by the prime brokers and administrators, along with internally developed internal risk metrics, to monitor Client accounts on an ongoing basis. The investment team, consisting of the Managing Member and the Director of Bank Research, continuously review the JAM Clients to ensure the investments are consistent with the investment objectives, philosophy, strategy and methodologies that we have described to investors or Clients in our offering documents or investment management agreement and to ensure that they are comfortable with the general levels of investment, position concentration and other measures of risk and potential reward in the portfolio.

### **Reporting**

Investor capital statements summarizing the investor's individual performance are prepared by the administrator and provided to individual investors (monthly for the Hedge Fund and quarterly for the private equity fund). On an annual basis, investors receive a copy of the Fund's audited financial statements, along with tax reporting information.

On a periodic basis, JAM provides investors with written updates that may include a summary of recent performance, economic commentary and investment updates. JAM generally does not provide special reporting to investors, but may, on a case-by-case basis, provide additional information if requested by investors, provided that such requests are deemed reasonable in content and scope and that we are prepared to supply the same level of information to other investors who may ask for similar information.

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

JAM does not receive any economic benefit from anyone other than its Clients for providing investment advice or other advisory services to its Clients. In addition, JAM has not contracted with any third-party marketing firms to solicit Clients on behalf of JAM. However, we do have agreements with third-party marketers for soliciting investors for the Hedge Fund. JAM compensates these firms with a percentage share of the management fees as outlined in the agreement with each respective firm. No additional fees are charged to investors as a result of our participation in these arrangements.

JAM or its affiliates occasionally request or are requested to sit or act as an observer on a Portfolio Company's board of directors. Currently, no conventional director compensation (such as meeting fees and/or options) is being paid to JAM or an affiliate of JAM for serving as a director of a portfolio company. To the extent such fees are earned in the future, those fees will be subject to the management offsetting rules of the relevant JAM Fund.

## **Item 15: Custody**

JAM does not maintain physical possession of Client cash and/or securities. However, JAM is deemed to have custody of Client funds and securities within the meaning of Rule 206(4)-2 of the Advisers Act as a result of the authority of JAM, together with the general partner, to cause payments of management fees and other Fund expenses to be made from the Funds, and the overall access of such persons to the funds and securities of the Funds.

## Jacobs Asset Management, LLC

---

Consistent with the requirements under the Advisers Act, the assets of the JAM Funds are held in accounts maintained with our prime brokers (“qualified custodians” within the meaning of the Advisers Act). Our prime brokers are registered broker-dealers that hold Fund assets in separate accounts (or in a separate customer account with records identifying the assets of each such Fund in accordance with applicable broker-dealer and custodial bank regulation).

The annual financial statements of JAM Funds are prepared in accordance with GAAP, audited by independent accounting firms registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of the Funds’ fiscal year end.

### **Item 16: Investment Discretion**

JAM has full discretionary authority with respect to the JAM Funds, including, without limitation, any purchase, sale, transfer or liquidation of any and all shares related to the accounts. This discretionary authority is pursuant to an investment management or limited partnership agreement and is consistent with the investment objectives and strategy described within the documents. JAM does not provide advisory services directly to investors in the JAM Funds.

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

JAM has full authority to vote proxies regarding all securities for which we have investment discretion. JAM has adopted policies and procedures reasonably designed to ensure that proxies are voted in the best interests of JAM Clients. In exercising our voting discretion, we seek to avoid any direct or indirect conflict of interest. The objective of voting a security in each case under our policy is to seek to enhance the value of the security, or to reduce potential for a decline in the security’s value. The majority of JAM’s proxies are voted electronically. JAM generally supports the management of the companies in which it invests. Proxies related to the more standard issues are primarily voted in-line with management. Votes related to special matters, including mergers and other unique items, undergo greater evaluation and scrutiny. Proxies related to JAM’s private equity Portfolio Companies are generally voted manually.

When exercising our voting discretion, we seek to avoid any direct or indirect conflicts of interest. JAM uses reasonable efforts to determine whether a potential conflict may exist with respect to voting proxies. We are sensitive to conflicts of interest that may arise in the proxy decision-making process, and we have identified potential conflicts as part of our policies and procedures. Materiality determinations are based on an assessment of the specific facts and circumstances and if necessary, in consultation with outside counsel. If we determine that a material conflict of interest exists between the interests of JAM and the interest of the JAM Clients with respect to a particular vote, we will retain either a proxy voting service or another independent third-party to determine the manner in which such vote should be cast.

A copy of our Proxy Voting Policy and Procedures, as well as information related to how proxies were voted, is available upon request.

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

As a registered investment adviser, we are required to provide you with certain financial information and disclosures about our financial condition. JAM has no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our Clients and has not been the subject of a bankruptcy proceeding.