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## PART 2A OF FORM ADV: FIRM BROCHURE

### CKC Capital LLC

March 2024

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*Form ADV, Part 2A (the "Brochure") provides information about the qualifications and business practices of CKC Capital LLC (the "Adviser"). If you have any questions about the contents of this brochure, please contact us at (212) 893-1157 or [ckc@ckccapital.com](mailto:ckc@ckccapital.com). 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.*

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

*Additional information about the Adviser is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*This Brochure does not constitute an offer or a solicitation of an offer to buy shares or interests in any investment fund that the Adviser manages. An offer of those funds can only be made to qualified investors by way of the approved offering materials for those funds and only in jurisdictions in which that offer will comply with applicable rules and regulations.*

## **Item 2 - Material Changes**

This Brochure has been revised since the filing of the Adviser's Form ADV Part 2A on March 31, 2023 and is the Adviser's annual update. The following is a summary of material changes since the last amendment:

The Adviser updated information regarding client assets under management in Item 4. From time to time, without charge, the Adviser will also provide clients with a new Brochure as necessary to reflect material changes or new information.

CKC Strategic Advantage Fund, Ltd. the offshore feeder fund to the CKC Strategic Advantage Master Fund Ltd was liquidated due to voluntary redemptions as of Dec 31, 2023

Currently, our Brochure may be requested by contacting the Adviser's Chief Compliance Officer at (212) 893-1150.

Additional information about the Adviser is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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## **Item 4 - Advisory Business**

### **A. Description of Advisory Firm**

The Adviser is an investment advisory firm established in October 2012 and organized as a limited liability company under the laws of the State of Delaware. The Principals and sole equity owners of the Adviser are Kevin Baer, Christopher Yanney and John Baer (the "Principals"). The Principal office of the Adviser is in New York, NY and our two satellite offices are in West Conshohocken, PA and Palm Beach Gardens, FL.

The Adviser provides investment advisory services on a discretionary basis to its "Clients" which include

Private funds (the "Funds") for sophisticated and qualified investors (each, an "Investor", and together, the "Investors").

Separately managed accounts & Pooled Investment Vehicle (PV) (the "Accounts")

The private funds to which the Adviser currently provides discretionary advisory services currently includes CKC Strategic Advantage Master Fund, Ltd., CKC Strategic Advantage Fund Ltd and CKC Strategic Advantage Fund LP (together, the "Strategic Funds"), and CKC Credit Opportunity Master Fund, Ltd., CKC Credit Opportunity Offshore Fund, Ltd., and CKC Credit Opportunity Fund LP, (, the "Opportunity Funds", and together with the Strategic Funds, the "CKC Funds"), and to Rosedale Capital, L.P., a Delaware limited partnership, (the "Rosedale Fund", and together with the CKC Funds, the "Funds").

In addition to managing the CKC Funds, the adviser also manages separately managed accounts and PV' (each an "Account" and collectively the "Accounts." Accounts are managed separately in accordance with their characteristics. The Accounts are subject to investment objectives, guidelines and restrictions. The "Accounts" may or may not incorporate the same investment strategy as the "Funds."

The Adviser's investment objective and strategy for the CKC Funds is to achieve superior returns through income and capital appreciation, while seeking to limit downside and volatility, through investments in high yield, distressed and investment grade bond markets while also seeking to capitalize on cross-market opportunities in equities and options both domestically and globally. The Adviser plans to use its expertise in fundamental credit analysis and extensive networks on both the buy and sell sides to attempt to produce results. Further, the Adviser intends to capitalize on its knowledge of credit market liquidity and by seeking to exploit inefficiencies in the corporate bond markets using a credit-based approach to equities and highly disciplined risk management. The Adviser expects to routinely employ concentrated positions and significant levels of leverage with respect to the Strategic Funds. The Strategic Funds are managed with a typical level of three times.

With respect to the Rosedale Fund, the Adviser seeks to maximize absolute returns by primarily making concentrated investments in securities on both the long and short sides. The Adviser seeks to achieve this objective primarily by purchasing securities which it views as being priced materially below their fundamental value and conversely selling short securities which it views as being priced materially above their fundamental value. The Adviser pursues this strategy using five essential components: (1) a fundamental value investment philosophy; (2) deep market intelligence; (3) nimble and timely action; (4) concentrated investment positions; and (5) an overall perspective of the state of the markets and economy.

Please see Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) for more information.

## **B. Types of Advisory Services Offered**

The Adviser's investment advisory services to its Clients primarily consist of a) the management, operation and control of the investment and trading activity of its Clients and b) monitoring activity to ensure that the Adviser is managing each Client's portfolio in accordance with its stated investment objectives. The Adviser, on behalf of its Clients, sources investment opportunities through a screening and identification process, conducts technical and fundamental analysis on prospective investments, assesses the prospective investment effect on the overall portfolio risk profile, monitors portfolio performance, evaluates the impact of new information on existing positions, reviews new information and determines possible catalysts for revaluation of investments.

## **C. Services Tailored to Individual Needs of Clients**

While the Adviser principally implements the strategies noted above on behalf of the Funds, the Adviser may, from time to time, make opportunistic use of different strategies and may make investments regardless of security type or the size of its capitalization. However, all advisory services the Adviser provides to a Clients will be tailored to the specific investment objective, strategy, policies and guidelines set forth in the Client's offering materials and governing documentation.

**All discussion of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, and conflicts of interest faced by the Adviser in connection with the management of the Funds are qualified in their entirety by reference to each Fund's respective offering documents.**

## **D. Wrap Fee Programs**

The Adviser does not participate in wrap fee programs.

## **E. Client Assets Under Management**

As of December 31, 2023, the Adviser has approximately \$634,178,000 under discretionary management. This number represents the Adviser's assets under management and differs from the methodology used on the Form ADV Part 1 which requires the calculation of the Adviser's regulatory assets under management. The Adviser does not currently manage any non-discretionary assets.

## Item 5 - Fees and Compensation

### A. Fees and Compensation

Below is a discussion of how the Adviser is compensated in connection with providing advisory services to its Clients. The Adviser may enter into different fee arrangements on a Client by Client basis and each Client's offering document, and any side letter agreed to by the Adviser or its affiliates with Investors, sets forth the specific fee structure (including how and when fees are calculated, charged and paid).

*Management Fees.* With respect to the CKC Funds, the Adviser's asset-based compensation takes the form of a management fee paid by the applicable master fund in which each CKC Fund invests. For the Opportunity Funds, it is calculated at an annual rate of 1.5% for Series One investors and 1% for the Institutional Series investors of the value of each Investor's investment capital. The Opportunity Funds' management fee is paid quarterly in advance. For the Strategic Funds, management fee is calculated at an annual rate of 2% and is paid monthly in advance based on the value of each applicable Investor's capital account/shares, as applicable. The management fee will be adjusted for contributions and withdrawals/redemptions made during the period without accrual for any performance-based allocation and fees, if any.

With respect to the Rosedale Fund, the Adviser's asset-based compensation takes the form of a monthly management fee calculated at an annual rate of 1.0% of the value of each applicable Investor's investment capital. The Rosedale Fund management fee is paid monthly in advance. The management fee will be adjusted for contributions and withdrawals/redemptions made during the period without accrual for any performance-based allocation and fees, if any.

The "Accounts" each has its own management fee structure as per the governing docs. *Performance-based allocation and fees.* With respect to the Funds, the Adviser's performance-based compensation takes the form of an annual performance-based allocation or fee equal to 20% of the net profits for the Series One investors, 12.5% for the Institutional Series investors in the Opportunity Funds, 20% of the net profit for the Strategic Funds and 20% of the net profit for the Rosedale Fund achieved by the applicable Investor's investment. The performance-based allocation or fee is subject to a "high watermark" that requires the Adviser to recoup cumulative losses from prior calculation periods before performance-based allocation are made and fees are due. Performance-based allocations or fees are generally calculated and paid annually and at the time of redemption, with respect to the amount redeemed. Additional terms related to the performance-based fee applicable to Funds are described in each Fund's offering documents.

In addition, for subscriptions made on or after July 1, 2017, Opportunity Funds' Investors will be subject to an additional fee in the event an Opportunity Funds' Investor withdraws any portion of each subscription the investor makes prior to the one-year anniversary of the applicable subscription. The additional fee will be equal to 3% of the redemption proceeds. Strategic Funds' Investors who withdraw within the one-year anniversary of the applicable subscription, will be subject to an additional fee that will be equal to 3% of the redemption proceeds. Subscriptions made by members employees and affiliates of the Adviser and/or the CKC Fund general partner will not be subject to the lock-up period or any withdrawal fees.

The "Accounts" each has its own performance fee structure as per the governing docs.

The Adviser may, in its discretion, reduce, waive or modify any management or performance-based fees with respect to its principals, employees or any family member of such persons, with respect to such persons associated with the Adviser's affiliates and with respect to certain other Investors.

The Adviser compensates placement agents from the management and/or performance-based allocations or fees the Adviser receives in exchange for the placement agents' assistance with the solicitation of Investors for investment in the Funds.

## **B. How Fees are Charged**

In addition to the information above related to the calculation and timing of management and performance-based allocations or fee payments, allocations or fees charged to the Funds and Accounts are deducted directly by a third-party administrator who is responsible for calculating the allocations or fees. The Adviser reviews and approves the calculations received from the administrator with respect to the Funds.

## **C. Expenses**

In addition to the fees described above, other investment and operating expenses to which Clients may be subject generally include, but are not limited to: brokerage commissions, mark-ups, markdowns, spreads and other transactional costs; interest expense; custody fees; bank service fees; borrowing charges on securities sold short; organizational, communication, data services, printing, mailing and filing costs and expenses; government filing fees; taxes (if any); custodial, administration, legal, compliance, accounting (including third party accounting services), audit and tax preparation fees and expenses; third-party advisor fees and expenses; research expenses and direct or indirect costs of investigating potential investments (including travel); due diligence costs and expenses; third-party fees; Client related insurance costs (including D&O and E&O insurance, if any, for the Adviser and the applicable affiliates and outside directorship liability, as applicable) and expenses incurred in connection with the purchase, sale and preservation or transmittal of Client assets; and any other operating expenses or extraordinary expenses (if any) of a Client. The internal expenses of the Adviser's operations are not charged to Clients. The direct expenses borne by each Client are described in more detail in each Client's offering documents.

Each Fund that invests in a master fund will bear the administrative and other expenses of all other Funds invested in that master fund on a pro rata basis in proportion to each feeder Fund's capital investment in the master fund.

A portion of the commissions generated on a Client's brokerage transactions may generate "soft dollar" credits that the Adviser is authorized to pay for research and research-related services and products. Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. In certain cases, such arrangements, although related to the Adviser's administration and investment management of the Clients, may fall outside of the safe harbor for fiduciaries' use of "soft dollar" services. In each case, the Adviser's use of the "soft dollar" credits will be equitable and consistent with the Clients' objectives and offering documents.

Please refer to Item 12, Brokerage Practices, for more information.

**D. Refunds for Fees Charged in Advance**

As stated above, Management Fees are payable quarterly in advance, with respect to the Opportunity Funds, and monthly in advance with respect to the Strategic Funds and for the Rosedale Fund. The Management Fee for the Clients will be adjusted for contributions and withdrawals/redemptions made during the period without accrual for any performance-based allocation and fees, if any.

**E. Compensation for Sales of Securities**

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



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

As stated in Item 5 above, Clients pay the Adviser performance-based compensation in the form of a performance allocation or fee. These payments are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

Performance-based compensation, in general, may create an incentive for the adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of performance-based compensation. Such fee arrangements may also create an incentive for the Adviser to favor higher fee-paying Clients in the allocation of investment opportunities. In addition, because the performance-based compensation is generally based on realized and unrealized gains and losses, the Adviser could earn a performance allocation or fee on gains that Investors never ultimately realize.

To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Clients receive equitable and fair treatment over time with respect to the allocation of investment opportunities. In determining how an investment opportunity is allocated, the Adviser may take into account certain considerations, including but not limited to: a) the size, nature and type of investment or sale opportunity, b) the investment guidelines and restrictions of the Client, c) the cash position of the Client, d) liquidity needs/other constraints of the Client and e) any regulatory restrictions. The Adviser does not consider fees that a Client is subject to when making investment allocation decisions.

**Item 7 - Types of Clients**

The Adviser provides investment advisory and management services to private funds, separately managed accounts and PVs as described above. These services are provided in accordance with each fund's/account's investment objective, strategies, restrictions and guidelines.

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

### **A. Method of Analysis and Investment Strategies for Formulating Investment Advice**

#### *Investment Objective and Strategies – Credit Strategy*

The Adviser's investment objective and strategy for the CKC Funds and other clients is to achieve superior returns through income and capital appreciation, while seeking to limit downside and volatility, through investments in high yield, distressed and investment grade bond markets while also seeking to capitalize on cross-market opportunities in equities and options both domestically and globally.

The Adviser plans to use its expertise in fundamental credit analysis and extensive networks on both the buy and sell sides to attempt to produce results. Further, the Adviser intends to capitalize on its knowledge of credit market liquidity, and by seeking to exploit inefficiencies in the corporate bond markets using a credit-based approach to equities and highly disciplined risk management.

The Adviser uses certain strategies to seek to generate return which include, but are not limited to, the following:

1. Seek to generate income by owning relatively liquid high yield bonds where the credits have significant asset and cash flow protection.
2. Seek to generate income and capital appreciation by owning high yield bonds with excellent fundamentals and the possibility of either a takeover or upgrade to investment grade.
3. Seek to generate capital appreciation through short side plays in perceived overvalued investment grade and high yield bonds.
4. Seek to generate capital appreciation through opportunistic buying of high yield and investment grade credits created by market dislocations and/or fund flows.
5. Seek to generate capital appreciation through short and long side investments in equity securities and options.
6. Seek to generate capital appreciation through disciplined short-term trading of bonds and equities.
7. With respect to Strategic funds, we seek to amplify income and capital appreciation employing a typical target leverage of 3x which translates to a target gross exposure of approximately 300%.

#### *Investment Objective and Strategies – Rosedale Fund*

The Adviser seeks to maximize absolute returns by primarily making concentrated investments in securities on both the long and short sides. The Adviser seeks to achieve this objective primarily by purchasing securities which it views as being priced materially below their fundamental value and conversely selling short securities which it views as being priced materially above their fundamental value. The Adviser pursues this strategy using five essential components: (1) a

fundamental value investment philosophy; (2) deep market intelligence; (3) nimble and timely action; (4) concentrated investment positions; and (5) an overall perspective of the state of the markets and economy.

The Adviser invests primarily in long and short positions in publicly-traded equities. From time to time, the Adviser may engage in the purchase, sale and writing of listed and unlisted options and futures contracts (including so-called "synthetic" options or similar derivative instruments written by broker-dealers). Further, if there is an insufficient number of available securities meeting the Adviser's purchase or short sale criteria, the Adviser may invest in short-term corporate or government obligations, money market instruments or other cash equivalents.

The Adviser may engage in arbitrage activity between differing classes of a company's securities or between securities of different companies. The Adviser may also seek to enhance returns through the use of leverage in both arbitrage and investment activities.

In pursuing its investment strategy, the Adviser may utilize a broad range of securities, securities derivatives and investment techniques, which include, among others:

- Equities, convertibles, warrants and options
- Private placements, including partnership interests
- Debt
- Leverage
- Debt
- Short Sales
- Other investments and strategies if the Adviser believes such instruments or activities are appropriate for the Rosedale Fund.

### *Leverage*

In accordance with the relevant offering/governing document, the Adviser may use leverage, principally borrowing cash, securities and other instruments and/or entering into derivative transactions that have the effect of leveraging a Client's portfolio (excluding from leverage for this purpose currency transactions entered into to hedge a portfolio's exposure to investments denominated in currencies other than its base currency). The Adviser expects to routinely employ concentrated positions and significant levels of leverage with respect to the Strategic Funds.

## **B. Material Risks Associated and Conflicts of Interest**

Below is a summary of certain material risks applicable to the Adviser's advisory services. The summary is qualified in its entirety by the risk factors set forth in each Client's offering documents or similar account opening documents. The investment strategies that the Adviser implements on behalf of its Clients involve substantial risk, are highly speculative and are not intended as a complete investment program. The strategies are designed only for sophisticated persons who are able to bear the economic risk of the loss of their entire investment in a Client and who have a limited need for liquidity in their investment. The past performance of the Adviser is not indicative of future results and risk of loss should be considered.

### *The Risk of Loss*

The Clients' investments involve the risk of loss. Investors must be prepared to lose all or substantially all of their investment. The Adviser and its affiliates are in no respects responsible for the performance of the Clients, except to the extent of their obligation to act in good faith and without fraud, gross negligence, or reckless or intentional misconduct in respect of their duties to the Funds.

### *Nature of Investments*

The Adviser has broad discretion in making investments for the Clients. Investments will generally consist of high yield, distressed and investment grade bonds, bank debt, as well as equities and options, and other assets, as applicable to each Client, that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Client's activities and the value of its investments. In addition, the value of a Client's portfolio may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that a Client's investment objective will be achieved.

### *No Material Limitation on Strategies*

Each Client will opportunistically implement whatever strategies or discretionary approaches it believes from time to time may be best suited to prevailing market conditions. There can be no assurance that the Adviser will be successful in applying any strategy or discretionary approach to a Client's trading.

### *Concentration of Investments*

The Rosedale Fund's investment strategy is to maximize its returns by concentrating individual positions within its portfolio. Accordingly, that client will frequently hold a few, relatively large (in relation to its capital) positions in securities, with the result that a loss in any position could have a material adverse impact on that client's capital. The Rosedale Fund may also exhibit extreme levels of daily volatility. Moreover, the CKC Funds' portfolios may not be as diversified as other investment vehicles. Accordingly, the CKC Funds' portfolios may be subject to more rapid change in value than would be the case if that client were required to maintain a wide diversification.

### *Portfolio Turnover*

The investment strategy of a Client may require the Adviser to actively trade a Client's portfolio, and as a result, turnover and brokerage commission expenses of the Client may significantly exceed those of other investment entities of comparable size.

### *Convergence Risk*

A Client may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mis-pricings underlying that Client's trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, the Client may incur a loss.

### *Hedging Transactions*

The Adviser may or may not employ hedging techniques. The Adviser is not required to attempt to hedge portfolio positions for a Client and, for various reasons, may determine not to do so. Furthermore, the Adviser may not anticipate a particular risk so as to hedge against it. Certain Client's may utilize a variety of financial instruments (including options and derivatives), both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Client's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the unrealized gains in the value of the Client's investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Client's portfolio; (v) hedge the interest rate or currency exchange rate on any of the Client's liabilities or assets; (vi) protect against any increase in the price of any securities the Client anticipates purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate.

The success of the hedging strategy of a Client is subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Client's hedging strategy is also subject to the Adviser's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in any such hedging transactions. For a variety of reasons, the Adviser may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Client from achieving the intended hedge or expose the Client to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Client's portfolio holdings.

### *Currency Risks*

Certain Client's may have investments that are denominated in a foreign currency that are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. From time to time, the Adviser may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective.

### *Lack of Liquidity of Client Investments*

While the Adviser expects the vast majority of each Client's portfolio to be liquid, certain Client assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. 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.

### *Master-Feeder Fund Structure*

The CKC Funds contribute all of its assets to the Master Fund. The master-feeder fund structure,

in particular the existence of multiple large investors in the same portfolio, presents certain unique risks to each investor. Remaining investors in the portfolio may be materially affected by the actions of a larger investor investing in the master fund. For example, if a larger CKC Fund Investor redeems from a CKC Fund, the remaining CKC Fund Investors may experience higher pro rata operating expenses, thereby producing lower returns. Similarly, a master fund may become less diverse due to a redemption by a larger investor, resulting in increased portfolio risk such as, but not limited to, illiquidity. Further, a master-feeder structure entails two layers of operating costs.

#### *Use of Leverage*

Each Client may utilize leverage, which could result in the Client controlling substantially more assets than the Client has equity. In fact, the Adviser expects to routinely employ concentrated positions and significant levels of leverage with respect to the Strategic Funds. Leverage increases a Client's returns if the Client earns a greater return on investments purchased with borrowed funds than the Client's cost of borrowing such funds. However, the use of leverage exposes the Client to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Client not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Client's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Client's assets, the Client might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

In addition, certain Clients may in effect borrow funds through entering into repurchase agreements, and may employ implicit leverage through trading options, commodity futures contracts, swaps, forwards and other derivative instruments.

In an unsettled credit environment, the Adviser may find it difficult or impossible to obtain leverage for a Client. In such event, the Client could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Adviser being forced to unwind the Client's positions quickly and at prices below what the Adviser deems to be fair value for such positions.

#### *Short Sales*

Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Client's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There is a risk that the Client would have to return the securities it borrows, in connection with a short sale, to the securities lender on short notice. If a request for return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, and the Client may be compelled to replace borrowed securities previously sold short with purchases on the open market at the most disadvantageous time, possibly at prices significantly in excess of the proceeds received in originally selling the securities short.

### *Potential Conflicts of Interest*

The Adviser will use its best efforts in connection with the purposes and objectives of each Client and will devote so much of its time and effort to the affairs of the Client as may, in its judgment, be necessary to accomplish the purposes of the Client. Under the terms of the applicable governing agreements of the Client's, the Adviser and each of its directors, members, partners, shareholders, managers, officers, employees, agents, affiliates or representatives (hereinafter referred to as the "Affiliated Parties") may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Client. Without limiting the generality of the foregoing, the Affiliated Parties may act as general partner, investment adviser or investment manager for others, may manage funds, separate accounts or capital for others, may have, make and maintain investments in their own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Client. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in the securities in which a Client invests as well as interests in investments in which a Client does not invest. The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to a Client. To the extent a particular investment is suitable for to a certain Client and other Clients of the Affiliated Parties, such investments will be allocated between the Client and the other Clients pro rata based on assets under management or in some other manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Client.

As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between a Client and other entities, in allocating investments among a Client and other entities and in effecting transactions for the Client and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

In addition, purchase and sale transactions (including swaps) may be effected between a Client and the other entities or accounts subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no extraordinary brokerage commissions or fees (i.e., except for customary transfer fees or commissions) or other remuneration shall be paid in connection with any such transaction.

From the standpoint of a Client, simultaneous identical portfolio transactions for that Client and the other Clients may tend to decrease the prices received, and increase the prices required to be paid, by a Client for its portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Client and the other Clients in an equitable manner as determined by the Affiliated Parties. Further, it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Client for the same investment positions to be taken or liquidated at the same time or at the same price; however, all transactions will be made on a "best execution" basis.

The applicable Client will bear its own expenses as described in that Client's offering documents. Each other client bears its own expenses as set forth in its respective offering documents or investment management agreement with the Adviser or its affiliates. Expenses borne by the other clients may differ from the expenses borne by the Client. In certain instances, the Client may bear expenses that the Adviser has agreed to bear for one or more other clients. In other instances, the other clients may bear expenses that the Adviser has agreed to bear for the applicable Client.



Common expenses frequently will be incurred on behalf of a particular Client and one or more other Clients. The Adviser will seek to allocate those common expenses among the Client and the other Clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest (e.g., conflicts relating to different expense arrangements with certain clients). The Adviser may use a variety of methods to allocate common expenses among the Client and the other Clients. Nonetheless, Investors should note that the portion of a common expense that the Adviser allocates to a certain Client for a particular product or service may not reflect the relative benefit derived by that Client from that product or service in any particular instance. The Adviser's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by the Adviser in good faith will be final and binding on the applicable Client.

### **C. Risks Involved with Particular Investments**

#### *High Yield Securities*

Certain Client's may invest in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower rated securities.

#### *Bank Debt*

Certain Client's may invest in bank debt, which includes interests in loans to companies or their affiliates undertaken to finance a capital restructuring or in connection with recapitalizations, acquisitions, leveraged buyouts, refinancings or other financially leveraged transactions and may include loans which are designed to provide temporary or bridge financing to a borrower pending the sale of identified assets, the arrangement of longer-term loans or the issuance and sale of debt obligations. Certain Client's may also invest in collateral on financial instruments, including interests on whole commercial, consumer and other loans and lease contracts. These loans, which may bear fixed or floating rates, have generally been arranged through private negotiations between a corporate borrower and one or more financial institutions ("Lenders"), including banks. The Client's investment may be in the form of participations in loans ("Participations") or of assignments of all or a portion of loans from third parties ("Assignments").

In certain cases, the rights and obligations acquired by the Client through the purchase of an assignment may differ from, and be more limited than, those held by the assigning selling institution. Assignments are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties to the Client about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans.

Certain Clients have the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, the Client generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Client may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. Thus, the Client assumes the credit risk of both the borrower and the Lender that is selling the Participation. In addition, in connection with purchasing Participations, the Client generally will have no role in terms of negotiating or effecting amendments, waivers and consents with respect to the loans underlying the Participations. In the event of the insolvency of the Lender, the Client may be treated as a general creditor of the Lender and may not benefit from any set-off between the Lender and the borrower.

Investments in Participations and Assignments involves additional risks, including the risk of nonpayment of principal and interest by the borrower, the risk that any loan collateral may become impaired and that the Client may obtain less than the full value for the loan interests sold because they may be illiquid. Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected.

Investments in loans through direct assignment of a financial institution's interests with respect to a loan may involve additional risks. For example, if a loan is foreclosed, the Client could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, the Client could be held liable as a co-lender.

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, the Client has direct recourse against the borrower, the Client may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of the Client were determined to be subject to the claims of the agent's general creditors, the Client might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Interests in loans are also subject to additional liquidity risks. Loans are generally subject to legal or contractual restrictions on resale. Loans are not currently listed on any securities exchange or automatic quotation system but are traded by banks and other institutional investors engaged in loan syndication. As a result, no active market may exist for some loans, and to the extent a secondary market exists for other loans, such market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Consequently, applicable Clients may have difficulty disposing of Assignments or Participations in response to a specific economic event such as deterioration in the creditworthiness of the borrower, which can result in a loss. In such market situations, it may be more difficult for that Client to assign a value to Assignments or Participations when valuing the Client's securities and calculating its assets.

#### *Investment Grade Corporate Obligations*

Certain Clients may invest in corporate debt obligations, including bonds, loans, commercial paper and other instruments, but normally such investments will be accompanied by an offsetting investment in credit derivatives. Corporate debt obligations are subject to the risk of the issuer's inability to meet principal and interest obligations. Instruments that are rated Baa3/BBB- or higher

may have superior risk characteristics than those rated below Baa3/BBB-, but such instruments still bear risk of significant adverse price movements, lack of liquidity and default. Each of these risks may be exacerbated by adverse publicity, investor perceptions, accounting issues, corporate malfeasance, credit downgrade and extreme market conditions.

#### *Interest Rate Risk*

Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Applicable Clients may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that such hedges will be implemented and, if implemented, will be successful in mitigating the impact of interest rate changes on the portfolios.

#### *Credit Default Swaps*

The buyer of a credit default contract is obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation or entity. Generally, a credit event means bankruptcy, failure to pay, cross default/acceleration, obligation acceleration, repudiation/moratorium, restructuring, or rating decline. A Client may be either the buyer or seller in a transaction. If a Client is a buyer and no credit event occurs, the Client will have made fixed payments and received nothing. However, if a credit event occurs, the Client, as a buyer, typically will receive full notional value for a reference obligation that may have little or no value. As a seller, the Client receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation which may have little or no value.

In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk. Swap contracts are not traded on exchanges and are not otherwise regulated, and as a consequence investors in such contracts do not benefit from regulatory protections. The selling of credit default swaps involves greater risks than if the Client had invested in the reference obligation directly. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value. The buyer of credit default swaps will incur a loss if the seller fails to perform on its obligation should a credit event occur. In certain circumstances, the buyer can receive the notional value of a credit default swap only by delivering a physical security to the seller and is at risk if deliverable security is unavailable or illiquid.

#### *Equity-Related Instruments in General*

The Adviser will use equity-related instruments in the investment program of the Rosedale Fund and may use such investments with respect to the CKC Funds. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### *Small Capitalization Companies*

Certain Client's may invest its assets in securities of small capitalization companies and/or recently organized companies. Similarly, the Client may also take short positions with respect to such issuers. Historically, such securities have been more volatile than those of larger capitalized or more established companies. Although they may have potential for growth, the securities of small capitalization and recently organized companies pose greater investment risks because such companies may have limited product lines, distribution and financial and managerial resources. In particular, small capitalization companies may be operating at a loss or have significant variations in operating results, may be engaged in rapidly changing business, may require substantial capital to support their operations, to finance expansion or maintain their competitive position and may have substantial borrowings or otherwise have a weak financial condition.

In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. The equity securities of smaller capitalization companies are often traded over-the-counter or on regional exchanges and may not be traded in the volumes typical of national securities exchanges. As a result, the securities of smaller companies may be subject to wider price fluctuations. Furthermore, a Client may have to sell portfolio holdings or cover short positions at discounts from quoted prices or may have to make a series of small sales or cover a short position over an extended period of time due to the trading volume of smaller company securities. Investments in smaller capitalization companies may also be more difficult to value than other securities because of the foregoing considerations. Additionally, transaction costs for these types of securities are often higher than for those of larger capitalization companies.

### *Securities of Financially Distressed Companies*

Certain Client's may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings and, as a result, may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the prospect for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Client invests, the Client may lose its entire investment or may be required to accept cash or securities with a value less than the Client's original investment

### *Non-U.S. Securities*

Certain Clients may invest in foreign securities from time to time. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves 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, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and

settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

#### *Exchange-Traded Funds (“ETFs”)*

Certain Clients may make investments in the securities of ETFs. ETFs represent interests in (i) fixed portfolios of common stocks designed to track the price and dividend yield performance of broad based securities indices (such as the S&P 500 or NASDAQ 100), or (ii) “baskets” of industry-specific securities. ETFs are traded on an exchange and, like shares of common stock, the value of ETF securities fluctuates in relation to changes in the value of its underlying portfolio of securities. However, the market price of ETF securities may not be equivalent to the pro rata value of its underlying portfolio of securities. ETFs are subject to the risks of an investment in a broad-based portfolio of common stocks or to the risks of a concentrated, industry-specific investment in common stocks. In addition, U.S. securities laws place certain restrictions on the percentage of ownership that a private investment fund may have in an ETF.

#### *Options*

The purchase or sale of an option (including an over-the-counter option) involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

#### *Call & Put Options on Securities Indices*

Certain Client’s may purchase and sell call and put options on stock indices listed on national securities exchanges or traded in the over-the-counter market for hedging purposes and non-hedging purposes to pursue its investment objective. The successful use of options on stock indexes requires different skills and techniques than predicting changes in the price of individual stocks

#### *Use of Warrants & Rights*

Warrants permit, but do not obligate, the holder to subscribe for other securities or commodities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights may be considered more speculative than certain other types of equity-like securities because they do not carry with them rights to dividends or voting rights and they do not represent any rights in the assets of the issuer. These instruments cease to have value if they are not exercised prior to their expiration dates. The market for warrants and rights can become very illiquid. Changes in liquidity may significantly impact the price for warrants and rights.

#### *Derivatives and Counterparty Risk*

To the extent that a Client invests in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, the Client may take a credit risk with regard to parties with whom it trades and may also bear the

risk of settlement default. These risks may differ materially from those entailed in exchange traded transactions that generally are backed by clearing organization guarantees, daily mark-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Client, and hence the Client should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

#### *Commodity-Related Securities*

The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related securities may be cyclical in nature. During periods of economic or financial instability, commodity-related securities may be subject to broad price fluctuations, reflecting volatility of energy and basic materials prices and possible instability of supply of various commodities. Commodity-related securities may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such securities may rise at a faster rate, and conversely, in time of falling commodity prices, such securities may suffer a greater price decline.

#### *Purchasing IPOs*

A Client may purchase securities of companies in IPOs or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. In addition, some companies in IPOs are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospect of achieving them.

#### *Illiquid and Restricted Securities*

A portion of certain Clients' assets may from time to time be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws. Certain Clients may invest in privately-placed securities. Because of the absence of any trading market for these investments, that Client may take longer to liquidate these positions than would be the case for publicly-traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by the Client. Further, companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities.

**Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or investor's evaluation of the adviser or the integrity of adviser's management.

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

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

### **A. Broker-Dealers**

The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

### **B. Futures and Commodity Trading**

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

### **C. Material Relationships**

The Adviser's Principals are members of the Funds, as applicable. In the view of the Adviser, this aligns the interests of the Principals with the Funds and their Investors and does not result in any conflicts of interest between the Adviser and the Funds. Additionally, the Principals are also bound by the Adviser's Code of Ethics as discussed in Item 11 below.

### **D. Investment Adviser Recommendation**

The Adviser does not recommend or select other investment advisers for its Clients.



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

### **A. Code of Ethics**

The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non-public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any Investor or prospective investor to review at the offices of the Adviser upon request.

### **B. Participation or Interest in Client Transactions**

The Advisers Principals and other employees hold economic interests in the Funds, which in certain cases are material, and thus would have pecuniary interests in such investments made by the Funds.

### **C. Personal Trading**

The Principals and other employees have made investments in the Funds, as applicable. Such amount may be invested pro rata with the members of the Fund in all Fund portfolio investments, as applicable. In the view of the Adviser, this aligns the interests of the Principals with the Fund and its investors and does not result in any conflicts of interest between the Adviser and the Fund.

### **D. Personal Trading Contemporaneous with Client Transactions**

Subject to the requirements of the Code, related persons may purchase or sell investments recommended to the Rosedale Fund a day after the security is transacted for the Rosedale Fund. Related persons may not make investments in the same securities that the CKC Funds invest in.

## Item 12 - Brokerage Practices

### A. Selection of Broker Dealers

The Adviser has complete discretion to determine, subject to each Client's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries used in effecting the transactions for the Clients, and the commission rates to be paid for such transactions.

*Brokerage.* The Adviser selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of the Clients. The Adviser is not required to, and currently does not, solicit competitive bids to seek the lowest available commission or transaction cost. In selecting broker-dealers to effect portfolio transactions, the Adviser may cause a Client to enter into arrangements pursuant to which the Client pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. The transactions executed by a Client may be cleared through, and the Client's investment instruments may be held by, a number of financial institutions the Adviser selects on terms negotiated with each such financial institution individually. Subject to the Adviser's agreement with each Client, the Adviser generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. The Adviser does not consider the receipt of investor referrals when selecting broker-dealers to execute transactions.

The Adviser does not permit Clients to direct brokerage to a specified broker-dealer unless agreed to in a written agreement. Generally, all brokerage transactions will be executed through the broker-dealers selected by the Adviser.

*Soft Dollars.* The Adviser or its affiliates may receive from a Client's broker-dealers products and services in addition to brokerage services.

A portion of the commissions generated on a Client's brokerage transactions may generate "soft dollar" credits that the Adviser or broker-dealer is authorized to use to pay for research and other brokerage related services and products used by the Adviser or its affiliates. The Adviser may enter into "soft dollar" arrangements with one or more broker-dealers whereby the Adviser will direct securities transactions to the broker-dealer in return for research products and services from the broker-dealer or may use such "soft dollar" credits to pay for research and other brokerage related services provided by other brokerage firms. Although the Adviser will use the research and services in making investment decisions for the applicable Client, the Adviser may use such research or services for other Clients and the applicable Client will generally pay more than the lowest available commissions for execution of these transactions.

The Adviser has authority to use "soft dollar" credits generated by a Client's securities transactions to pay for expenses that might otherwise have been borne by the Adviser. This may give the Adviser an incentive to select brokers or dealers for Client transactions, or to negotiate commission rates or other execution terms, in a manner that takes into account the soft dollar benefits received by the Adviser rather than giving exclusive consideration to the interests of the Clients.

If the Adviser elects to use soft dollars, it intends to limit such use to services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act, as amended, or such services that are otherwise reasonably related to the investment decision-making process. However, the Adviser has the authority to use services that may fall outside of the safe harbor afforded by Section 28(e) provided in each case that the arrangements are equitable and consistent with the Client's objective.

The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

The use of brokerage commissions to obtain investment research and other brokerage related services creates a conflict of interest between the Adviser and the Clients, because a Client may pay for such products and services that are not exclusively for the benefit of that Client and that may be primarily or exclusively for the benefit of the Adviser or another Client. To the extent that the Adviser is able to acquire these products and services without expending its own resources (including management fees paid by a Client), the Adviser's use of "soft-dollars" would tend to increase the Adviser's profitability. In addition, the availability of these non-monetary benefits may influence the Adviser to select one broker rather than another to perform services for the Clients. The Funds' offering documents specifically authorize these practices to the fullest extent permitted by law.

## **B. Aggregation of Orders of Securities**

When managing multiple Clients with similar investment strategies, the Adviser generally will attempt to aggregate multiple orders for the purchase or sale of the same instrument into a single transaction, subject to the overall obligation to achieve best price and execution for the Funds.

## **Item 13 - Review of Accounts**

### **A. Periodic Review of Accounts**

The Principals of the Adviser are responsible for reviewing Client investment portfolios. The Principals may perform intraday, daily, weekly or monthly reviews of Client positions as he deems appropriate. Performance, security positions, exposure levels, and investment opportunities are among some of the matters that may be reviewed. Further, the Chief Operating Officer periodically reviews trading records of accounts to ensure compliance with trading guidelines.

### **B. Factors that Trigger a Review of an Account**

See Item 13.A. above.

### **C. Reports to Clients Regarding their Accounts**

The Adviser provides Fund Investors with audited annual financial statements, periodic unaudited performance reports and all tax information relating to their investments in each Fund necessary for U.S. federal income tax purposes.

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

The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Clients.

The Adviser has entered into agreements with persons/entities who refer potential Fund Investors to the Adviser. For their referral services, these persons/entities may receive compensation from the Adviser in the form of a percentage of the management fee and/or performance allocation that the Adviser and its affiliates receive from the Funds with respect to the referred Investors. All solicitation arrangements that the Adviser may enter into will be designed to be in compliance with Rule 206(4)-3 under the Advisers Act and any similar state regulations.

## **Item 15 - Custody**

While it is the Adviser's practice not to accept or maintain physical possession of any client assets, the Adviser is deemed to have custody of the Funds' assets under Rule 206(4)-2 of the Advisers Act, as amended, because the Adviser has the authority to deduct fees from the Funds' accounts and its affiliates act as general partners to the Funds.

In order to comply with Rule 206(4)-2, the Adviser utilizes the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all Fund assets. In accordance with Rule 206(4)-2, Adviser also (1) engages an outside auditor to audit the Funds at the end of each fiscal year and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all Fund Investors within 120 days after the end of the calendar year.

SMA and "PV" accounts are maintained with qualified custodians. The Advisor does not have a contractual relationship with that custodian. All trades conducted for SMA and PV accounts are reported to the account, their administrator and its custodian. The Advisor purely has trading authority and does not have authority to deduct management fees or move money from the accounts and is paid by the accounts' administrator.

**Item 16 - Investment Discretion**

The Adviser contractually assumes discretionary authority with each Client under an IMA with the Client. The Adviser's authority to manage Client accounts is in all cases subject to the specific objectives, guidelines and limitations set forth in the applicable IMA.

## **Item 17 - Voting Client Securities**

The Adviser follows a proxy voting policy to ensure that proxies the firm votes, on behalf of each Client, are voted to further the best interest of that Client. For some of our separate managed account “Account” clients, the adviser does not have responsibility for proxy voting as per the governing docs. The policy establishes a mechanism to address any conflicts of interests between the Adviser and the Clients. Further, the policy establishes how an Investor may obtain information on how the proxies have been voted.

The Adviser determines how to vote after studying the proxy materials and any other materials that may be necessary or beneficial to voting. The Adviser votes proxies in a manner that it believes reasonably furthers the best interests of the Investors and is consistent with the investment philosophy as set forth in the relevant Client offering documents.

If a proxy vote creates a material conflict between the interests of the Adviser and a Client, the Adviser will resolve the conflict before voting the proxies. The Adviser will take steps designed to ensure that a decision to vote the proxy was based on the Adviser’s determination of the Client’s best interest and was not the product of the conflict.

The Adviser maintains records of (i) all proxy votes that are made on behalf of the Clients; (ii) all written requests from each Investor regarding voting history; and (iii) all responses (written and oral) to Investors’ requests. Such records are available to each Investor upon request.



## **Item 18 - Financial Information**

### **A. Balance Sheet**

The Adviser does not require or solicit prepayment of any fees greater than 6 months in advance.

### **B. Financial Condition Likely to Impact Contractual Commitments**

The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its Clients.

### **C. Bankruptcy Petitions**

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.