

Teleios Capital Partners LLC
March 28, 2024

This Brochure provides information about the qualifications and business practices of Teleios Capital Partners LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact Cecil Wheeler at +41 41 506 56 52. This information has not been approved or verified by the SEC or by any state securities authority.

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

Registration as an investment adviser with the SEC or with any state securities authority does not imply that the Adviser or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or in any other business.

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Item 2. Material Changes

The update to this Brochure dated March 28, 2024 reflects routine updates and other clarifying changes since the Adviser's last annual amendment filing on March 30, 2023.

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Item 4. Advisory Business

Teleios Capital Partners LLC (the “Adviser”), a Swiss limited liability company, is an investment adviser with its principal place of business in Zug, Switzerland. The Adviser commenced operations in August 2013 and has been registered with the SEC as an investment adviser since August 2016. Igor Kuzniar, Firass Abi-Nassif, Adam Epstein, and Carl Speck are the principal owners of the Adviser.

The Adviser provides investment advisory services on a discretionary basis to its clients, including Teleios Global Opportunities, LP (the “Onshore Fund”) and Teleios Global Opportunities Fund, Ltd. (the “Offshore Fund”), each of which invests all of its investable assets in Teleios Global Opportunities Master Fund, Ltd. (the “Master Fund” and collectively, the “Funds”). The Onshore Fund and the Offshore Fund are collectively referred to herein as the “Feeder Funds”. The Adviser also provides investment advisory services to a single-investor separately managed account (the “SMA”). The Adviser may also serve as an investment adviser to other private investment funds (together with the SMA, the “Accounts,” and together with the SMA and the Funds collectively, referred to herein as “clients”).

Teleios Global Opportunities GP, Ltd., is an affiliate and a wholly owned subsidiary of the Adviser and serves as the general partner of the Onshore Fund (the “General Partner”).

The Adviser provides advice to its clients based on the specific investment objectives and strategies described in the offering memorandum of a Fund or the investment management agreement for a client. The Adviser does not tailor advisory services to the individual needs of a client and manages a client’s assets in accordance with the investment objective and strategies applicable to a particular client’s account. The Adviser does not tailor its advisory services to the needs of the investors in the Funds and investors in the Funds may not impose restrictions on the Master Fund investing in certain securities and other financial instruments or certain types of securities and other financial instruments. Some clients, including the Accounts, may impose restrictions on investing the assets of their accounts in particular types of securities and other financial instruments.

As of December 31, 2023, the Adviser had approximately \$1,218,334,185 in regulatory assets under management, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or the General Partner is paid an asset-based fee in an amount ranging from 0% to 1.75% per annum of the net assets of the respective client account (calculated in accordance with the governing documents of the relevant account).

The Master Fund pays the Adviser or the General Partner a quarterly asset-based charge and payment (the "Asset-Based Charge and Payment") in advance based on the net asset value of the respective Fund as of the beginning of each calendar quarter. The Asset-Based Charge and Payment is prorated for any period that is less than a full quarter.

The Adviser or the General Partner (or an affiliate of the Adviser) is entitled to be paid annual performance-based compensation, which is compensation that is based on a share of net capital appreciation of the assets of a client. This performance-based compensation ranges from 0% to 25% and is subject to a loss carryforward and/or a hurdle amount.

A Fund may waive, reduce or enter into alternative fee arrangements with investors in a Fund who are principals, employees or affiliates of the Adviser or General Partner, relatives of such persons and for certain large or strategic investors.

If applicable, any fees or compensation received by the Adviser from the Accounts will be separately negotiated and includes an asset-based fee (which may be a fixed amount agreed upon with the Account) and performance-based compensation.

With respect to the Funds, the Asset-Based Charge and Payment is paid pursuant to instructions made by the Master Fund's administrator to deduct it from the Master Fund's bank account. The performance-based compensation paid to the General Partners is either structured as a re-allocation of profits or paid pursuant to instructions made by the Feeder Funds' administrator to deduct it from the Feeder Funds' bank accounts. If applicable, the Adviser sends an invoice for the asset-based fee and performance-based compensation with respect to the Accounts, based on information provided by the Accounts' third-party administrators.

In addition to paying the asset-based fee and performance-based compensation, certain client accounts are also subject to other expenses such as legal, accounting (including third-party accounting services), audit, third-party valuation specialists fees and expenses, other professional fees and expenses, including expenses relating to consultants (including tax consultants), attorneys, brokers and other agents and advisors who provide research, advice or due diligence services with regard to investments, and/or fees and expenses to or for one or more portfolio companies, including fees for directors of portfolio companies unaffiliated with the Investment Manager and support services to portfolio companies or prospective portfolio companies, organizational expenses, all other research expenses, fees and expenses related to activist and event-driven investment activities, including shareholder and management communications, soliciting proxies, tender offer expenses, proxy advisory consultants, hosting shareholder forums, fees and expenses of public relations consultants, participation in restructurings and activist-related litigation (either as plaintiff or defendant), all investment-related costs and expenses (i.e., expenses that, in the Adviser's sole discretion, are related to the investment of the client assets, whether or not such investments are consummated), such as commissions, custodial fees, costs and expenses of any FX hedging services or sales or placement agents acting on behalf of the client to assist with the purchase or sale of any client assets, bank service fees, insurance costs (including D&O and E&O insurance for the Adviser), fees and expenses of a third-party administrator, fees and expenses of the Board of Directors of the Funds, compliance expenses of the clients, including expenses associated with any regulatory filings attributable to the assets of the clients (e.g., Form PF) and fees and expenses of AML/sanctions compliance officers, and other expenses related to the purchase, sale, preservation or transmittal of client assets.

If applicable, the Accounts will be subject to different fees and expenses, which will be set forth in the investment management agreements entered into between the Accounts and the Adviser.

The allocation of expenses by the Adviser between it and any client and among clients represents a conflict of interest for the Adviser. The Adviser has adopted an expense allocation policy that is designed to address this conflict. The Adviser allocates expenses to each client in accordance with the client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the client and not covered in the client's arrangements in a fair and reasonable manner. The Adviser may allocate common client expenses among multiple clients pro rata based on net assets under management as of the beginning of the month in which the expenses are incurred. The Adviser may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients.

Pre-paid fees charged to the Adviser's clients will be refunded based on the number of days remaining in the quarter if a withdrawal or redemption (as applicable) is made before the end of a quarter.

More detailed information about the fees and expenses paid by client accounts may be found in the governing documents of each client account.

As noted in Item 8, in connection with the Adviser's strategy with respect to a particular target company, certain personnel of the Adviser may from time to time take a seat on the company's board of directors. In the event that the Adviser or its affiliates (or their respective principals, members or employees) receive any director's fees, consulting fees, and/or other remuneration for services (including any options, warrants or other equity securities) directly related to a specific investment in a particular target company (such amounts, net of any out-of-pocket related expenses, "Director Fees"), the Adviser allocates an amount equal to one hundred percent (100%) of all Director Fees among those clients participating in the investment pro rata based on net assets under management as of the beginning of the month in which the Director Fees are received. For purposes of the preceding sentence, Director Fees that are received in the form of options, warrants or other equity securities will be taken into account in the fiscal period when such options, warrants or other equity securities are sold or otherwise disposed.

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

As described in Item 5, the Adviser (or an affiliate of the Adviser) receives performance-based compensation from clients. In addition, certain personnel of the Adviser are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel may provide investment management services to multiple portfolios for multiple clients. Certain client accounts may have higher asset-based fees or be subject to more favorable performance-based compensation arrangements than other accounts. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. When the Adviser and its investment personnel manage more than one client account a potential conflict exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor clients that pay the Adviser (and indirectly its investment personnel) performance-based compensation or higher fees. The Adviser has implemented policies and procedures intended to address these conflicts of interest. A description of the Adviser's allocation policy is included below and the Adviser's aggregation policy is described in Item 12 of this Brochure.

The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The following factors may be taken into account by the Adviser in allocating securities and other financial instruments among investment advisory clients: the client's investment objective and strategy; any restrictions placed on a client's portfolio by the client, by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974, as amended) or by any of the client's counterparties; size of the client's account; total portfolio invested position; nature of the security or other financial instrument to be allocated; size of available position; supply or demand for a security or other financial instrument at a given price level; current market conditions; timing and frequency of additions and withdrawals from an account; account liquidity; and any other information determined by the Adviser to be relevant to the fair allocation of securities and other financial instruments.

Item 7. Types of Clients

The Adviser's clients consist of the Funds and the SMA; however, the Adviser may in the future serve as investment manager to other client accounts.

With respect to the Funds and the SMA, any initial and additional subscription minimums are disclosed in the offering memorandum for the Fund. With respect to the Accounts, the Adviser does not have any standard requirements for opening or maintaining a separately managed account and may, in its discretion, require a different investment minimum for any account.

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

For certain of its clients, the Adviser seeks to generate superior returns by investing across the globe (but principally in Europe), opportunistically and highly systematically in deeply undervalued assets and exerting influence on their management to create value generating change. Client accounts generally invest in long positions in publicly-traded equities and equity-related securities, but from time to time may also be invested in short positions, fixed-income products, hybrid securities, derivatives, private securities and other financial instruments. In particular, the Adviser may invest the assets of the Funds in certain non-publicly traded or other difficult to accurately value illiquid securities, as well as take concentrated positions in public securities.

These methods, strategies and types of investments involve a risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following summary identifies the material risks related to the Adviser's investment strategies and should be carefully evaluated before making an investment with the Adviser; however, the following does not intend to identify all possible risks of an investment with the Adviser or provide a full description of each identified risk.

Concentrated Portfolio

Generally, client accounts will have a relatively concentrated portfolio. Accordingly, the portfolio of client accounts may not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities and may have relatively significant, concentrated positions. As a result, the investment portfolio of client accounts may be subject to more rapid changes in value than would be the case if the client accounts were required to maintain a wide diversification among issuers, industries, geographic areas, capitalizations or types of securities.

Shareholder Activist Strategy

The Adviser's investment strategy with respect to client accounts involves shareholder activism that will attempt to influence the destinies of target companies. As such, there exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the purchase of the securities by a client account and the anticipated results. During this period, a portion of the capital of a client account would be committed to the securities purchased, and the client account at times might finance some portion of such purchases with borrowed funds on which it must pay interest. Additionally, if the anticipated results do not in fact occur, the client account may be required to sell its investment at a loss. Further, the Adviser may also attempt to build strong relationships with company management. In certain cases, the Adviser's attempts to influence a company's management may result in personnel of the Adviser taking a seat on the company's board of directors. In such a case, there exists the risk that the client account will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions, strategic initiatives or other transformative changes by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions, strategic initiatives or other transformative changes involving the target companies in which the client account may invest, there exists a potential risk of loss by the client account of its entire investment in such companies.

Moreover, as a result of the Adviser's investment strategy and the possibility that the client account may participate in proxy fights, restructurings or similar activities, it is possible that the client account may engage attorneys or other professionals or become involved in litigation (as either plaintiff or defendant), in any case which will entail legal and other expenses, which expenses may be significant and which will be borne by the client account. Litigation entails expense and the possibility of counterclaims against the Adviser and ultimately judgments may be rendered against the client account for which the client account may not carry insurance.

Non-United States Securities

The Adviser will invest in securities outside of the United States. Investing in securities of non-U.S. governments and companies that are generally denominated in currencies other than the United States dollar, and utilization of non-U.S. currency forward contracts and options on non-U.S. currencies involve certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are 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.

Illiquid Instruments

Certain instruments may have no readily available market quotation or third-party pricing. Reduced liquidity may have an adverse impact on market price and the Adviser's ability to sell particular instruments when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. In some cases, the relevant portfolio may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for the Adviser to obtain market quotations based on actual trades for the purpose of valuing a client's portfolio.

General Currency Risks

Investments that are denominated in a non-U.S. currency 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.

Currency Hedging

Some investments initiated by the Adviser will be denominated in multiple currencies. Accordingly, any hedging of currency exposure that is implemented by the Adviser will primarily involve hedging back to the U.S. dollar, but in certain circumstances may involve other hedging activities. To the extent any such hedges are profitable during any month or quarter, the profits will be invested at the end of such month or quarter into the core investment portfolio of the Adviser. Conversely, if such hedges generate losses in any month or quarter, a portion of a client's core investment portfolio may be liquidated to cover such losses. While the Adviser intends to hedge its overall currency exposure, there can be no assurance that such hedges will be effective.

Inflation Risk

Client accounts may be subject to inflation risk. Inflation risk is the risk that the value of investments or income from investments will be lower in the future as inflation decreases the value of money. As inflation increases, the value of the investments in a client's account can decline.

Special Situations and Distressed Investments

The Adviser may invest in companies with the objective of involving them in (or making them the target of) acquisition attempts or tender offers or making them undergo work-outs, asset sales, restructurings, take private transactions, governance changes, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions, or in companies where any such developments are already under way, at times also to prevent the companies from completing them if they are deemed to be value-destructive.

General Economic and Market Conditions

The success of the Adviser's investments are typically affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in foreign and domestic laws, and national and international political circumstances. These factors will, at times, affect the level and volatility of securities prices and the liquidity of investments. Unexpected volatility or illiquidity could impair the profitability or result in losses. None of these factors are within the control of the Adviser.

Effects of Health Crises and Other Catastrophic Events

Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and the Adviser's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of the Adviser and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Cybersecurity Risk

The information and technology systems of the Adviser and of key service providers to the Adviser and its clients, including banks, broker-dealers, custodians and their affiliates, may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. For instance, cyber-attacks may interfere with the processing or execution of the Adviser's transactions, cause the release of confidential information, including private information about clients, subject the Adviser or its affiliates to regulatory fines or financial losses or cause reputational damage. Additionally, cyber-attacks or security breaches (e.g., hacking or the unlawful withdrawal or transfer of funds), affecting any of the Adviser's key service providers, may cause significant harm to the Adviser, including the loss of capital. Similar types of cybersecurity risks are also present for issuers of securities in which the Adviser may invest. These risks could result in material adverse consequences for such issuers, and may cause the Adviser's investments in such issuers to lose value. Although the Adviser has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for the Adviser to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of the Adviser or its client accounts and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information, which may result in identity theft.

Risk Management Failures

Although the Adviser attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by the Adviser, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of clients may be incomplete or altogether ineffective. Similarly, the Adviser may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to clients.

Systems and Operational Risk

The Adviser relies on certain financial, accounting, data processing and other operational systems and services that are employed by the Adviser and/or by third party service providers, including prime brokers, the third party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, the Adviser and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by the Adviser and third party service providers to safeguard information in these systems, the Adviser, clients and their third party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Each of the Funds for which the Adviser or its related person serves as general partner or investment manager has, and may in the future, enter into additional agreements, or “side letters,” with certain prospective or existing limited partners or shareholders whereby such limited partners or shareholders may be subject to terms and conditions that are more advantageous than those set forth in the offering memorandum of a Fund. For example, such terms and conditions may provide for special rights to make future investments in a Fund, other investment vehicles or managed accounts; special redemption rights, including those relating to frequency or notice; a reduction or rebate in fees or redemption fees to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from a Fund on a more frequent basis or that include information not provided to other investors (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Adviser and such investor. The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the investor’s investment in a Fund or affiliated investment entity, an agreement by an investor to maintain such investment in a Fund for a significant period of time, or other similar commitment by an investor to a Fund.

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

The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its covered persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. In addition to compliance with the Adviser’s policies and procedures, all of the Adviser’s covered persons are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Cecil Wheeler, the Adviser’s Chief Compliance Officer, by e-mail at cecil.wheeler@teleioscapital.com or by telephone at +41 41 506 56 52.

The Adviser and its covered persons may give and/or receive gifts, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes quarterly disclosure of gifts and business entertainment in excess of certain *de minimis* thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain *de minimis* threshold.

The Adviser, in the course of its investment management and other activities, may come into possession of confidential or material non-public information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the client or using such information for the client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that the Adviser possesses such information), or not using such information for the client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

As a general matter, the Adviser’s covered persons must pre-clear all transactions in reportable securities in their personal accounts with the Chief Compliance Officer (or the Chief Operating Officer if the preclearance is requested by the Compliance Officer), who may deny permission to execute the transaction if such transaction would have an adverse impact on the Adviser’s clients. In addition, the Adviser’s Code prohibits the Adviser and its covered persons from executing personal securities transactions in certain securities that are designated as restricted by the Adviser. All of the Adviser’s covered persons are required to provide account statements on at least a quarterly basis and to disclose their securities transactions on a quarterly basis. The Adviser’s covered persons are also required to provide holdings reports upon the commencement of their employment with the Adviser and on a quarterly basis thereafter. Trading in employee accounts is reviewed by the Chief Compliance Officer and compared with transactions executed for client accounts and reviewed against the list of securities that the Adviser has designated as restricted.

Item 12. Brokerage Practices

The Adviser considers a number of factors in selecting a broker or dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker or dealer's compensation. Such factors include, but are not limited to, (a) the overall direct net economic result to clients, (b) the financial strength and stability of the counterparty, (c) its efficiency in effecting transactions, (d) its ability to effect the transaction at all (if it involves a large block of securities), (e) its settlement capabilities, (f) its ability to resolve errors, (g) whether it will be available to execute other, potentially difficult transactions in the future, (h) whether it offers special execution capabilities, (i) its reputation, (j) its compliance with legal and regulatory requirements, and (k) the quality and reliability of its brokerage and research services. In selecting brokers or dealers to execute transactions, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission or dealer spread. It is not the Adviser's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker or dealer which are included in the commission or spread.

The Adviser may receive research or other products or services other than execution from a broker or dealer in connection with transactions by the Funds. This is known as a "soft dollar" relationship. The Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)"). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When the Adviser uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, the Adviser's Executive Management Board meets at least quarterly to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. This determination will be viewed in terms of either the specific transaction or the Adviser's overall responsibilities to the accounts or portfolios over which the Adviser exercises investment discretion.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, the Adviser will not have to pay for the products and services itself. This creates an incentive for the Adviser to select or recommend a broker-dealer based on its interest in receiving those products and services.

The Adviser has established a commission sharing arrangement with a broker-dealer to assist in administering soft dollar payments to third-party research providers that are paid with soft dollars.

In some instances, the Adviser may obtain a product or service that is used, in part, by the Adviser for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, the Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Adviser in

carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). Such determination will be made based on the actual use of the product or service by the Adviser's personnel. The proportion of the product or service attributable to assisting the Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by the Adviser from its own resources. The determination by the Adviser of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between the Adviser and clients.

From time to time the Adviser may participate in capital introduction programs arranged by broker-dealers, including firms that serve as prime brokers to a Fund or recommend the Funds. The Adviser may place portfolio transactions for the Master Fund with firms who have made such recommendations or provided capital introduction opportunities or other consulting assistance services to the Adviser, if the Adviser determines that it is otherwise consistent with seeking best execution. In no event will the Adviser select a broker-dealer as a means of remuneration for recommending the Adviser or any Fund managed by the Adviser (or an affiliate) or affording the Adviser with the opportunity to participate in capital introduction programs or providing consulting assistance services.

The Adviser currently does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer, nor does the Adviser permit clients to direct the Adviser to transact with a specific broker.

The Adviser may purchase or sell the same security or other financial instrument for multiple clients contemporaneously and using the same executing broker/dealer or counterparty. It is the Adviser's practice, when appropriate, to aggregate client orders for the purchase or sale of the same security or other financial instrument submitted at or near the same time for execution using the same executing broker/dealer or counterparty. Such aggregation may enable the Adviser to obtain a more favorable price or a better commission rate for clients based upon the volume of a particular transaction. Prior to the order being filled, the allocation of the order across various client accounts, if applicable, will be determined based on each client's strategy and any investment restrictions and/or guidelines applicable to the account. When an aggregated order is completely filled, the Adviser will allocate the investment based upon the predetermined allocation methodology among the participating accounts, based on the purchase or sale order. Adjustments or changes may be made under certain circumstances, such as to avoid odd lots or excessively small allocations. If the order at a particular broker is filled at several different prices, through multiple trades, generally all such participating accounts will receive the average price and pay the average commission, subject to odd lots, rounding, and market practice. To the extent an order is price-averaged, a client account participating in the trade may pay a higher price than if the Adviser did not aggregate the order. If an aggregated order is only partially filled, the Adviser's procedures provide that the securities or proceeds are to be allocated in a manner deemed fair to clients. Depending on the investment strategy pursued and the type of security, this may result in a pro rata allocation to all participating clients.

Item 13. Review of Accounts

Each client account is reviewed by the Chief Compliance Officer of the Adviser with the assistance of portfolio managers, if necessary, on a periodic basis to determine whether investments should be maintained in light of current market conditions. Matters reviewed include specific investments held, adherence to investment guidelines and the performance of each client account.

Investors receive reports from the Funds pursuant to the terms of the applicable offering memorandum. The Accounts receive reports from the Adviser as set forth in the investment management agreements entered into between the Accounts and the Adviser.

Item 14. Client Referrals and Other Compensation

The Adviser compensates a third-party solicitor for referrals of clients or private fund investors. The Adviser's arrangements with third-party solicitors or other promoters may vary. Any compensation paid pursuant to these arrangements creates an incentive for the third-party solicitor or other promoter to recommend the Adviser, resulting in a material conflict of interest. Note that the Adviser does not currently engage any third party solicitors for client referrals; however it has historically engaged third party solicitors. Payments continue to be made for referrals made pursuant to the historical solicitation arrangements.

Item 15. Custody

While the Adviser does not have custody of the SMA's assets, the Adviser and its affiliate are deemed to have custody of the Funds' assets and complies with Rule 206(4)-2 under the Advisers Act by meeting the conditions of the "Pooled Vehicle Annual Audit Exception". Such Rule requires that each Fund be subject to an annual financial statement audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with generally accepted accounting principles in the U.S., and will be distributed to each Fund Investor within 120 days of the applicable Fund's fiscal year end.

Item 16. Investment Discretion

The Adviser provides investment advisory services to all of its clients on a discretionary basis. Prior to assuming discretion over a client's assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's discretion. Subject to any limitations that may be imposed by a client account in an investment management agreement, the Adviser has the authority to determine the securities or other financial instruments and the amount of the securities or other financial instruments to be purchased or sold for client accounts.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating securities among clients: (i) a client's investment objectives and strategies; (ii) risk profiles; (iii) tax status and restrictions placed on client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts, where applicable, on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

The Adviser may, in its sole discretion, provide certain clients, affiliated funds, strategic investors of the Funds, lenders and other third parties with an opportunity to co-invest with a Fund in investments (for example, where there is availability for investment in additional shares of a particular issuer but the Adviser determines it is not in the best interest of a Fund for it to acquire such additional shares). Co-investment opportunities may be made available through limited partnerships or other entities formed to make such co-investments (each, a "Co-Investment Fund"). The Adviser will allocate available investment opportunities among Funds, any Co-Investment Fund, and other investment fund managed by the Adviser, if any, in a fair and equitable manner as it determines in its sole discretion. Co-investment opportunities may not be available to all of the Adviser's clients.

Although it is not the Adviser's general practice, the Adviser may, in rare instances, effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions, including with respect to a decision to enter into such transactions and with respect to valuation, pricing and other terms. Because the Adviser represents the interests of both the seller and the buyer in a cross transaction, clients for which the Adviser executes cross transactions bear the risk that other clients in the cross transaction will be treated more favorably, especially where the other clients pay a higher investment management or performance-based fee or incentive allocation. Clients also bear the risk that the price of a security bought or sold through a cross transaction may be less favorable than it might have been had the transaction been executed in the open market, and the risk that they receive a security that is difficult to dispose of in a market transaction. The Adviser will only engage in a cross transaction between clients when the Adviser has determined that the cross transaction is in the best interest of each client. Cross transactions between client accounts are not permitted if they would constitute principal trades unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross

transactions are not permitted for benefit plan or other similar accounts that are subject to the Employee Retirement Income Security Act of 1974.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine the appropriate course of action. To the extent that material trade errors occur, the Adviser's error correction procedure is to ensure that clients are treated fairly. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct or violation of the standard of care that is applicable to the client account, the Adviser will reimburse the client account. Trade errors that do not result from the Adviser's gross negligence, willful misconduct or violation of the standard of care that is applicable to the client account are borne by the client account.

Item 17. Voting Client Securities

When the Adviser has discretion to vote the proxies of clients, the Adviser votes proxies in the best interests of clients and in accordance with its policies and procedures for voting proxies. The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities in a manner that serves the best interests of the clients. In voting proxies, the Adviser generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock. The Adviser generally will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of the client and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

If a material conflict of interest between the Adviser and a client exists with respect to voting proxies, the Adviser will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the client.

Clients or prospective clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted proxies by contacting Cecil Wheeler by e-mail at cecil.wheeler@teleioscapital.com or by telephone at +41 41 506 56 52.

Item 18. Financial Information

There are no financial conditions that are reasonably likely to impair the Adviser's ability to meet contractual commitments to clients.