

**Part 2A FIRM BROCHURE**

**Item 1 - Cover Page**

# **Scalar Gauge Management, LLC**

CRD#287991

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December 31, 2023

This brochure provides information about the qualifications and business practices of Scalar Gauge Management, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 469-708-2080. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

## **Item 2 - Material Changes**

The addition and dissolution of one Fund, each a special purpose vehicle.

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## Item 4 - Advisory Business

### A. Principal Owners and Background

Scalar Gauge Management, LLC (the “**Adviser**”) was founded in 2017 and is owned and controlled by Sumit Gautam (the “**Principal**”).

### B. Types of Advisory Services

Our primary business is to provide discretionary portfolio management and investment management for private pooled investment vehicles (“**Funds**”) and certain qualified legal entities (“**Managed Account Clients**”). We may also offer non-discretionary investment advice to other Clients (“**Non-Discretionary Clients**”). We refer to the limited partners of our Funds as “**Investors**,” and the Funds, Managed Account Clients, and Non-Discretionary Clients collectively as our “**Clients**.” For more information about the types of investments that we recommend, please see item 8 below.

### C. Tailoring of Advisory Services

#### Funds

We tailor the portfolio management and investment management services we provide to Funds in accordance with the investment objective and strategy of each Fund, as set forth in the investment management agreement (“**Management Agreement**”) and the partnership agreement (“**Partnership Agreement**”) for such Fund. Investment in a Fund does not create an advisory relationship between an Investor in the Fund and the Adviser, and the Adviser does not generally tailor advisory services provided to a Fund to the needs of any particular Investor. Notwithstanding the foregoing, we may enter into side letter agreements with one or more Investors in a Fund that limit the exposure of the applicable Investors to particular investments held by such Fund.

#### Managed Account Clients

The portfolio management and investment management services we offer Managed Account Clients are tailored to the investment objectives of each such Client, and are subject to investment guidelines set forth in the Management Agreement between the Adviser and each Managed Account Client.

#### Non-Discretionary Clients

The scope and type of advisory services we provide to Non-Discretionary Clients are negotiable and are provided in accordance with the terms, conditions, guidelines, and limitations set forth in the agreement between us and the applicable Non-Discretionary Client.

**See Item 8** for a more detailed description of our advisory services, the types of securities we recommend and the risks and conflicts of interest related to the services we provide to our Clients.

### D. Wrap Fee Programs

The Adviser does not participate in wrap fee programs.

## E. Assets Under Management

As of December 31, 2023, the Adviser had approximately \$177,558,000 of assets under management on a discretionary basis and \$14,963,000 of assets under management on a nondiscretionary basis, for a total of \$192,521,000 of regulatory assets under management.

## Item 5 - Fees and Compensation

### A. Our Compensation for Advisory Services

We generally charge a management fee based on each Client's assets under management. In addition, the Adviser or one of our affiliates may receive a performance-based fee or profit allocation based on the performance of a Client's portfolio. While fees and allocations are set forth in the Management Agreement with each Client, an overview of our basic fee structure is summarized below. We do not have a standard Client fee schedule.

#### Funds

The fees and expenses we charge our Fund Clients are described generally below; however, they are described in more detail in the offering documents for each Fund, which you should carefully read.

We are paid a management fee by each Fund in advance at the beginning of each month or quarter based on the net asset value of the capital account of each Investor in such Fund. For our Hedge Fund (as defined in Item 7 below), the management fee is 1.5% of the net asset value of each Investor's capital account on an annualized basis. For our special purpose vehicle (as defined in Item 7 below), the management fee is 1.0% of the net asset value of each Investor's capital account on an annualized basis. The management fee applicable to any Investor in a Fund may be reduced or waived by the Adviser. Future Funds or future Investors in our Funds may have higher or lower management fees. Upon the Investor's withdrawal from a Fund any unearned management fee will be returned to such Investor, prorated for such period.

In addition to the management fee, the general partner of each Fund or another affiliate of the Adviser is entitled to receive performance based compensation. With respect to our Hedge Fund, 20% of the net profit is allocated from the capital account of each Investor for the applicable "performance period" (generally a calendar year) to the general partner. Within our Hedge Fund, the performance allocation is subject to a "high water mark," which means that if an Investor's capital account in the Fund loses value over the performance period, we do not receive a performance allocation for that period, or for any future performance period until the decrease in value is made up. The performance allocation within the Hedge Fund is paid annually to the general partner. With respect to our SPV, there is a 10% hurdle rate to the Investor followed by a 20% catch up to the general partner, thereafter, 20% of the net profit is allocated from the capital account of each Investor to the general partner. The performance allocation is subject to a "true-up," by class, which means the general partner of the Fund will return to an Investor any amounts it receives in excess of the performance allocation it should have received for the duration of the Investor's participation within a class in the Fund. The performance allocation becomes payable to the general partner upon the distribution of Investor capital account, the general partner closes a class when the target company becomes acquired, or the general partner sells the target company. Future Funds may have a different performance allocation structure tailored to meet its specific investment goals and objectives, which may include a higher or lower performance allocation than our current Funds.

Our management fee and the performance allocation applicable to each Investor in our Funds are generally not negotiable. However, we have entered into and may in the future enter into side letters or other contractual arrangements with certain Investors that reduce or eliminate fees or performance allocations applicable to such Investors.

#### Managed Account Clients

With respect to Managed Account Clients, we may receive a management fee, a performance fee or both. We do not have a fee schedule for Managed Account Clients and the amount and payment terms of Managed Account fees are negotiable based upon various factors, including, but not limited to, the size of the Managed Account and the nature of the advisory services provided.

#### Non-Discretionary Clients

With respect to Non-Discretionary Clients, we may receive a base fee or a performance fee, or both as negotiated and set forth in our agreement with the Non-Discretionary Client.

#### How we collect fees

#### Funds

Management fees are payable by the Funds in advance and are deducted from the Fund's custodial account. Any earned performance allocation is allocated to the capital account of the respective Fund's general partner from each Investor's capital account.

#### Managed Account Clients

Management fees are payable by each Managed Account Client in advance or in arrears according to such Managed Account Client's Management Agreement and are deducted by the Adviser from the Managed Account Client's brokerage account. Performance fees are payable typically annually, may be subject to a claw back or high water-mark, and are deducted from the Managed Account Client's brokerage account. If a performance fee is subject to a claw back, any performance fee received in excess of the performance fee we should have received for an applicable performance period will be credited to future performance fees or credited to the Managed Account Client's account, at the Managed Account Client's discretion. If a performance fee is subject to a high water-mark, meaning the Client's capital account loses value over the performance period, we do not receive a performance allocation for that period, or for any future performance period until the decrease in value is made up.

#### Non-Discretionary Clients

The timing and amount, as well as the payment method for fees charged to Non-Discretionary Clients varies and is negotiated between the Adviser and the Non-Discretionary Client.

#### B. Other fees and expenses

Each Client will separately bear all costs and expenses related to its investment program, including brokerage fees. However, other than the fees discussed in Item 5.A above and reimbursement for out-of-pocket expenses, the Adviser will not charge any additional expenses or fees to Clients.

#### C. Timing of Payment

Management fees are payable according to each Client's investment management agreement (typically monthly or quarterly) in advance or in arrears by each Client subject to a management fee. If a Management Agreement is terminated other than at the end of a fiscal period, any unearned management fee will be returned to the applicable Client. If any Investor in a Fund withdraws any part of its interest in the Fund other than at the end of a fiscal period (monthly or quarterly according to the Fund documents), any unearned management fee will be returned to the Fund to be credited to such Investor.

## D. Compensation for Sales of Securities

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

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

The Adviser or its affiliate receives performance-based fees, including performance allocations, from certain Clients. The performance-based allocations or fees are based on several factors, including, but not limited to, whether the fee may be subject to a hurdle rate and a high-water mark. Because the performance-based allocation or fee is not necessarily structured identically for each Client and we may waive performance-based fees for certain Clients or Investors, we may have an incentive to favor Clients where we have the potential to realize a higher performance-based allocation or fee. We are focused on monitoring the allocation of investment opportunities in such situations and endeavor to resolve in good faith any material conflict with respect to the allocation of investment opportunities. We have adopted policies and procedures in an attempt to ensure that all of our clients are treated in a fair and equitable manner with respect to the allocation of investment opportunities. **See Item 11.**

## Item 7 - Types of Clients

Our types of clients include a long-short hedge fund (the “Hedge Fund”), a special purpose vehicle (the “SPV”), and Managed Accounts. We may provide investment advisory services to other Funds in the future, including other hedge funds, private equity funds, and venture capital funds. We also offer non-discretionary investment advice to Non-Discretionary Clients, which may include other investment advisers.

### Funds

The minimum initial capital contribution generally required for an investor in the Hedge Fund is set forth in the Fund’s private placement memorandum. Capital contributions for an investor in the SPV are set forth in the SPV’s limited partnership agreement. To invest in either Fund, investors generally must be, among other things, “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and “qualified clients” as such term is defined in Section 2(a)(51)(A) of the Company Act.

### Managed Account Clients

The Managed Account Clients are required to sign an investment management agreement that, among other things, sets forth the nature and scope of our investment management authority and the investment objectives, guidelines, and restrictions applicable to the management of the Managed Account Clients. In addition, the Managed Account Clients generally must meet certain net worth, net asset and/or other eligibility requirements.

### Non-Discretionary Clients

The Non-Discretionary Clients could include other registered investment advisors that may wish to utilize or employ our non-discretionary investment advice.



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

### A. Analysis and Strategies

Within the Hedge Fund, the Adviser maintains a flexible and opportunistic approach to asset allocation, portfolio construction, and investment selection for each Client. Investments we make on our Clients behalf are generally investments in long and short positions of equity securities that include common stock, preferred stock, and depositary receipts, and equity derivative securities that include equity swaps (both single-name and index swaps), equity index futures and exchange-traded funds, and similar pooled investment vehicles. The Adviser's investment mandate focuses on global companies across a broad range of industries, however, with an emphasis within the broader technology, media, and telecommunication (TMT), consumer and services sector, or companies that may be impacted by technological development or undergoing a significant rate of change in the company or the industry.

Within the SPV, the Adviser invests in high conviction publicly traded securities and related derivatives, including any level of debt or equity in the capital structure of target companies, with the intent to build meaningful ownership in the company and increase shareholder value.

Investing in securities involves risk of loss that Investors and our Clients should be prepared to bear.

Notwithstanding the foregoing paragraph, the Adviser may tailor and set forth specific investment strategies for a Client in such Client's management agreement, which may include, but is not limited to, investing in publicly traded or privately available securities, including any tranche or level of debt or equity within the capital structure of a company, and investing in mutual funds, alternative currencies, indices, and other private companies, regardless of the segment or industry. We expect to occasionally pursue activist strategies on behalf of certain investments held by our Funds, by seeking to unlock value through actively engaging with boards and management teams.

### B. Material Risks

Risk of Loss. Investing in securities (including both public and private companies) involves the risk of loss. There is no assurance that the Clients' investments will be profitable, or that any distribution will be made to Clients or Investors. The expenses of the Funds may exceed income. Any return on investment to the Investors will depend upon successful investments made by Adviser or, with respect to the Funds, the general partner of the respective Fund. While the Adviser's ultimate goal is to provide attractive returns over a long period of time, there can be no assurance we will achieve this goal. Investments made by the Adviser on behalf of our Clients may involve a high degree of business and financial risk that can result in substantial or even total losses.

Market Conditions. The Funds and Managed Account Clients will be materially affected by conditions in the financial markets and economic conditions, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in law, commodity prices and political circumstances, and such conditions may adversely affect performance. As a result of such factors, the Adviser may not be capable of, or successful at, preserving the value of our Clients' assets, generating positive investment returns, or effectively managing risks.

Competition for Investments. The Adviser expects that it will encounter competition from other investors, including other private funds having similar investment objectives, certain of which may possess competitive advantages over the Adviser in bidding for investments on behalf of our Clients,

including greater financial, technical, marketing and other resources, higher risk tolerances, different risk assessments, lower return thresholds, lower cost of capital and access to funding sources unavailable to the Adviser, as well as an ability to achieve synergistic cost savings in respect of an investment.

Concentration of Investments. Our Client's portfolios may become concentrated in a limited number of companies and the Adviser's strategy is to invest in certain industries or markets, increasing the vulnerability of the portfolio in a downturn in such market or industry. In certain cases, as in the SPV, a Client's investments are limited to select companies, which ties the success of the Fund to the success of the specific companies and increases the vulnerability of the Fund in a downturn of the industry of the specific companies or the profitability of the specific companies.

Participation in Management. Investors will not participate in the management of the Funds and neither the Investors nor Managed Account Clients will be permitted to evaluate investment opportunities or relevant business, economic, financial, or other information that will be used by the general partner of such Fund and the Adviser in making decisions with respect to the Fund and/or the Managed Account Clients as the case may be.

Risk of Leverage. On behalf of the Funds or other clients, the Adviser may invest in portfolio companies with leveraged capital structures. A leveraged capital structure increases the exposure of portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of portfolio companies or their industries. Leverage also may involve restrictive covenants, terms and conditions the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow, which could adversely affect such companies.

Investment Judgment. The profitability of a significant portion of a Client's investment program depends to a great extent upon correctly assessing the future course of the price movements of a Client's investments and other investments. The Adviser intends to buy investments, on behalf of Clients, that it believes are undervalued and short investments it believes are overvalued. Investing in such investments presents the risk that the Client's investments may never reach what the Adviser believes are their fair market values, either because the market fails to recognize what the Adviser considers to be the investments' true business values or because the Adviser misjudges those values. In addition, Clients' investments may fall out of favor with investors and underperform during given periods. Conversely, the Adviser will short investments the Adviser believes are overvalued. Short trades present the risk that an investments' value may not decrease to what the Adviser believes is its true market values because the market fails to recognize what the Adviser considers to be such investment's value, because the Adviser misjudges those values or because the Adviser is required to purchase the investments before its investment thesis could be realized. There can be no assurance that the Adviser will be able to predict accurately these price movements.

Short Selling. Our Clients' investment portfolios may include short positions. In a short sale, the seller sells a security that it does not own, typically a security borrowed from a broker or other counterparty. Because the seller remains obligated to return the underlying security that it borrowed from the broker or counterparty, the seller must purchase the security prior to the date on which delivery to the broker or dealer is required. The making of short sales exposes clients to the risk of liability for the market value of the security that is sold, which is an unlimited risk in theory due to the lack of an upper limit on the price to which a security may rise. In addition, there can be no assurance that securities necessary to cover a short position will be available for purchase or that securities will be available for clients to borrow at reasonable costs. If a request for a return of borrowed securities occurs at a time when other short sellers of the security are receiving similar requests, a "short squeeze" can occur, in which case a client or account 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. The Adviser monitors short positions to ensure that they do not become meme stocks that may become the subject to a short squeeze.

The SEC has in the past adopted interim rules requiring reporting of all short positions above a certain de minimis threshold and may adopt or enact additional rules requiring public disclosure of short positions in the future. In addition, other non-U.S. jurisdictions where a client trades have adopted or may adopt reporting requirements. The SEC recently proposed rules which, if adopted, would create additional reporting requirements, including reporting all short activity data on a monthly basis. If a client's short positions or its strategy become generally known, it could have a material or significant effect on our ability to implement or affect our investment strategies. In particular, it would make it more likely that other investors could cause or lead us into a "short squeeze" in the securities held short by a client, forcing us or the client to cover its positions at a loss. Such reporting requirements likely would also limit our ability to access management and other personnel at certain issuers where we seek to take or establish a short position. In addition, if other investors engage in copycat behavior by taking positions in the same issuers as our clients, the cost of borrowing securities to sell short could increase significantly and the availability of such securities to our clients could decrease significantly. The SEC has adopted various restrictions or limitations on the short sale of securities which fall more than 10% in a given day (referred to as the "circuit breaker" or "modified uptick rule"). The SEC and regulatory authorities in other jurisdictions could adopt (and in certain cases have adopted) bans or restrictions or limitations on short sales of certain securities or short sales with respect to certain issuers in response to significant market events. Restrictions, limits or bans on short selling would make it more difficult for our clients or us to execute or effect certain investment strategies and may have a material adverse effect on our clients' ability to achieve their investment objectives and generate returns.

Cybersecurity Risks. We may experience cybersecurity and other breach incidents that may obtain unauthorized access or sabotage systems and operations. These cybersecurity attacks may not generally be recognized until launched against our Clients. If an actual or perceived breach of security occurs, or if our Clients are unable to effectively resolve such breaches in a timely manner, the business of our Clients may be negatively impacted. If our Clients suffer a breach, confidential information of our Clients may be inadvertently obtained by unauthorized persons. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our Clients, our service providers' and our information and technology systems are vulnerable to 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. Although our affiliates and we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, our Clients and/or we may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our Clients' and our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our Clients' and our reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our Clients by interfering with affiliates' or our operations. Our Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary

information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose our Clients or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and our Clients may be required to indemnify us against any losses incurred in connection therewith.

Epidemic, pandemics, or risk of war. Our business activities as well as the activities of our Clients and their operations and investments could be materially adversely affected by the outbreaks of disease, epidemics and public health issues globally, such as COVID-19 (and other novel coronaviruses), Ebola, H1N1 flu, H7N9 flu, H5N1 flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease, public health issues or wars.

## C. Conflicts of Interest

The Adviser and its affiliates may be subject to various conflicts of interest. The Adviser, the Principal, and other affiliates of the Adviser are or may be engaged in other business activities. The Adviser and such persons will not be required to refrain from any other activity or to disgorge any profits from any such activity, and will not be required to devote all of their time and efforts to our Clients.

Our Principal may serve as a director, officer or committee member of public companies and his activities on behalf of those other companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties). In particular, our Principal could face conflicts of interest between discharging his duties as a director, officer, or committee member, as the case may be, of such companies and acting in the best interest of our Clients.

**THE FOREGOING RISK FACTORS AND CONFLICTS OF INTEREST DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS AND CONFLICTS THAT ARE OR MAY BE ASSOCIATED WITH OUR INVESTMENT STRATEGIES. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY DECISION TO INVEST IN A FUND OR ENGAGE THE ADVISER.**

## Item 9 - Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management to disclose.

## Item 10 - Other Financial Industry Activities and Affiliations

### A. Broker-Dealer Registration

The Adviser is not registered as a broker-dealer nor is the Principal registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, the Adviser and its management persons are not affiliated with any broker-dealer.

## B. Futures and Commodities Registration

Neither the Adviser nor any of its management persons is registered as a futures commission merchant, commodity pool operator, commodity trading Adviser, or associated party of any of those, nor does it have any pending application to register as such. The Advisor has filed a notice of exemption from filing as a registered commodities pool operator with the National Futures Association on behalf of each of its Funds.

## C. Related Persons and Conflicts of Interest

Neither the Adviser nor any of its Affiliates has any relationships that are material to the Adviser's advisory business or to our Clients with any related person listed below:

1. broker-dealer, municipal securities dealer, or government securities dealer or broker;
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund);
3. other investment adviser or financial planner, except as explained with respect to Non-Discretionary Clients;
4. futures commission merchant, commodity pool operator, or commodity trading advisor;
5. banking or thrift institution;
6. accountant or accounting firm;
7. lawyer or law firm;
8. insurance company or agency;
9. pension consultant;
10. real estate broker or dealer; or
11. sponsor or syndicator of limited partnerships.

## D. Compensation from Other Investment Advisers

The Adviser is not compensated for recommending or selecting other investment advisers for its Clients.

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

The Adviser has a fiduciary responsibility to treat its Clients fairly and avoid if possible actual or potential conflicts of interest and, if not, to disclose and mitigate such conflicts. The Adviser has an obligation to act solely in the best interests of our Clients, and to make full and fair disclosure of all material facts, particularly where the interests of one or more of our Clients may conflict with the interests of the Adviser, its Principal, or other Clients.

#### A. Code of Ethics

The Adviser has a code of ethics that complies with SEC Rule 204A-1. The Adviser will always put its Clients' interests ahead of its own and in no way benefits directly or indirectly from confidential information about its Clients or their portfolios. The Adviser will provide a copy of its code of ethics to any Client and any prospective Client upon request.

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

The Adviser and its related persons do not recommend to Clients, or buy or sell for Client accounts, securities in which the Adviser or its related persons have a material financial interest.

#### C. Personal Securities Investing

There may be certain circumstances where the Principal or an employee of the Adviser is an investor in the same underlying investment as a Client, but the Principal and Adviser's employees will never trade ahead of our Clients or utilize information gained from the Client's investment situation to the disadvantage of its Clients. The Adviser has implemented policies to ensure its employees' compliance with this paragraph.

#### D. Personal Securities Trading

The Adviser has adopted personal trading policies and procedures to address conflicts of interest with its Clients. The Adviser's policies prohibit its employees from trading in the same securities as our Clients except for ETFs, mutual fund products, and holding legacy positions that have been disclosed to the Adviser's Chief Compliance Officer and are updated quarterly. The Adviser's policies prohibit its employees from engaging in any activities that create an actual or potential conflict of interest with the Adviser's Clients.

### Item 12 - Brokerage Practices

#### A. Broker Dealer Selection

The Adviser manages its Clients' investments on a discretionary basis and makes such investments through brokers, dealers, or banks as the Adviser may select.

##### Best Execution

The Adviser seeks to obtain best execution of all transactions for its Clients. In seeking to obtain best execution, the Adviser takes into account, among other factors deemed relevant and appropriate by the Adviser, including the following: the ability to effect prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and other services considered to be of value (even if such research and other services are not for the exclusive benefit of the specific Client); and the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria. It is understood that the costs of such services will not necessarily represent the lowest costs available and that the Adviser is under no obligation to combine or arrange orders so as to obtain reduced charges.

### Soft Dollars

The Adviser is entitled to use “soft dollars” generated by its Clients as permitted pursuant to its agreements with each Client. The Adviser may use soft dollars generated by Client accounts to purchase both proprietary and third party research from brokers.

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our Clients. The Adviser receives a benefit by using such soft dollars to obtain research or other products or services, because the Adviser does not have to produce or pay for the research, products, or services. If we are able to acquire these products and services without expending our own resources (including management fees paid by Clients), our use of soft dollars would tend to increase our profitability. The Adviser may have an incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on our Clients’ interests in receiving most favorable execution. We may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits (known as paying-up).

Soft dollars may be used to acquire products and services that are not exclusively for the benefit of Clients which paid the commissions and that may primarily or exclusively benefit us, and while the Adviser allocates soft dollars benefits among client accounts in a fair and equitable manner under the circumstances, there can be no assurance that we will be successful in this regard.

Section 28(e) of the Exchange Act provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be used within the limitations set forth in Section 28(e) of the Exchange Act.

### Brokerage for Client Referrals

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

### Directed Brokerage

We do not routinely recommend, request, or require that Clients direct us to execute transactions through a specified broker-dealer. We generally do not permit Clients to direct brokerage for order execution purposes.

## **B. Aggregating Purchase or Sale of Securities Among Clients**

The Adviser will act in a manner that it considers fair, reasonable, and equitable in allocating investment opportunities to its Clients. It is understood that when the Adviser determines that it would be appropriate for a Client and one or more of the Adviser's other clients to participate in an investment opportunity, the Adviser will seek to execute orders for, or otherwise allocate such opportunities to each Client on an equitable basis. In such situations, the Adviser may place orders for each Client, and if all such orders are not filled at the same price, the Adviser may cause each Client to pay or receive the average of the prices at which such orders were filled for the Clients. If all such orders cannot be fully executed under prevailing market conditions, the Adviser may allocate among its Client the securities traded in a manner which the Adviser reasonably considers equitable, taking into account the size of the order placed for each Client as well as any other factors which the Adviser reasonably deems relevant.

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

### **A. Review of Client Accounts**

The Principal or the portfolio manager periodically reviews Clients' accounts and asset allocations.

### **B. Frequency of Review**

Review of Clients' accounts will occur at least on a quarterly basis, or more frequently if there are major movements in investment markets within a given month, or there are investment-specific events giving rise to a more frequent review.

### **C. Content and Frequency of Regular Reports**

Client account reports are provided to Clients by the administrator monthly or quarterly.

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

### **A. Compensation from Non-Clients**

The Adviser does not receive any economic benefit from any person who is not a Client for providing investment advice or other services to Clients.

### **B. Compensation for Client Referrals**

The Adviser does not compensate any person for Client referrals. If the Adviser does so in the future, it will describe the arrangement in an amendment to this Brochure and will comply with all securities laws.

## **Item 15 - Custody**

Because the general partner of each Fund is an affiliate, the Adviser may be deemed to have custody of a Fund's funds and securities. Assets for which we have custody are held only at qualified custodians and in accordance with applicable regulations. These regulations require us to maintain all Client funds and securities with a qualified custodian in a separate account for each Client under that Client's name.

## **Item 16 - Investment Discretion**

With the exception of our Non-Discretionary Clients, the Adviser has investment discretion to manage our Clients' assets. The applicable Management Agreement with the Adviser typically provides the Adviser with the ability to select investment opportunities and securities to be bought and sold and to determine the amount of the transactions. The Adviser exercises its discretion in a manner consistent with each discretionary Client's investment goals and objectives.



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

We generally have the authority to vote securities owned by our Clients in accordance with our proxy voting policies and procedures. Our policy is to vote Client securities in a manner that serves the best interests of the Client that owns the securities being voted, as determined in our discretion, based on our proxy voting policy. Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

Investors and our Managed Account Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted their respective past proxies, by contacting us.

Depending on the applicable circumstances, we may vote one Client's securities differently than we vote those of another Client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, we may determine that it is in the Client's best interest for us to "abstain" from voting or not to vote at all and will do so accordingly.

At times, conflicts may arise between the interest of a Client, on the one hand, and the interest of either another client, us or their respective affiliates on the other hand in consideration of a proxy vote. For example, a vote could arise in relation to a single company that (i) has issued stock to a client with a buyout investment mandate, and (ii) has issued bonds or other debt instruments that are owned, in part, by a client that is permitted to invest in debt instruments. To address such potential conflicts, we follow the procedures outlined in our proxy voting policy. Our proxy voting policy requires that in all situations involving a potential conflict between two Clients, the vote will be made without regard to our actual or anticipated compensation. We or a client may utilize a third-party service provider to assist us with the processing of proxy votes.

## **Item 18 - Financial Information**

The Adviser does not require prepayment of any advisory fees six or more months in advance.

There is no financial condition that is reasonably likely to impair the Adviser's ability to continue to meet its contractual commitments and provide services to its clients. The Adviser has never filed for bankruptcy protection.