

**Item 1 - Cover Page**

**Flat Footed LLC**  
**CRD# 291593**

3415 North Pines Way, Suite 205  
Wilson, WY 83014

917-439-7926

**March 2024**

This brochure ("Brochure") provides information about the qualifications and business practices of Flat Footed LLC ("Flat Footed" and, together with its relying adviser affiliate, the "Adviser," "we," "us," or "our"). If you have any questions about the contents of this Brochure, please contact us at [ir@flatfootedllc.com](mailto:ir@flatfootedllc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

## **Item 2 - Material Changes**

Form ADV 2 is divided into two parts: Part 2A (the "Brochure") and Part 2B (the "Brochure Supplement"). The Brochure provides information about a variety of topics relating to Flat Footed's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of Flat Footed.

### Material Changes

This brochure has been updated to include two new advisory clients and to remove three advisory clients (see Items 5, 7, and 8). Item 17 has been updated for the Adviser's proxy voting policies.

### Future Changes

From time to time, we may amend this Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators.

At any time, you may view the current Brochure online at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching for our firm name or by our CRD #291593. You may also request a copy of this Brochure at any time, by contacting us by email at [IR@flatfootedllc.com](mailto:IR@flatfootedllc.com).

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## **Item 4 - Advisory Business**

### **Advisory Firm**

Flat Footed is a Delaware limited liability company that commenced operations in August 2016 and is owned by Mr. Marc Andersen and co-managed by Mr. Andersen and Mr. Paul Carpenter.

### **Advisory Services**

The Adviser currently provides investment management services and discretionary investment advice to private funds (each, a “Fund” and, collectively, the “Funds”) and one or more sub-advisory account Clients (“Sub-Advisory”) and may serve as investment adviser and/or sub-adviser to various other advisory clients, including separately managed accounts, fund of one accounts, and other private investment funds (collectively, “Clients”).

### **Relying Adviser**

The Adviser offers investment advisory services to a Fund through Post Union Management LLC, which is under the common control with Flat Footed (the “Relying Adviser”). Flat Footed and the Relying Adviser are collectively referred to as the “Adviser” in this document.

### **Specialization**

The investments of each Fund are managed in accordance with the investment objectives, strategies and guidelines applicable to such Fund and are not tailored to any particular investor in the Fund (an “Investor”). The Adviser does not provide individualized investment advice to such Investors with respect to their investment in the Fund; therefore, Investors should consider whether a particular Fund meets their investment objectives, risk tolerance, and financial situation.

In addition, the Adviser may enter into arrangements with certain Clients (or underlying Investors) that may in each case provide for terms of investment that are more favorable to the terms provided to other Clients (or underlying Investors). Such terms may include the waiver or reduction of management and/or incentive fees, the provision of additional information or reports, more favorable transfer rights, and more favorable liquidity rights.

### **Advisory Services to Sub-Advisory Accounts**

Investments for Sub-Advisory account Clients, whether separately managed accounts or fund of one accounts, are managed in accordance with the Clients’ investment objectives, strategies, restrictions and guidelines as set forth in the documents governing the Adviser’s relationship with such Clients or as otherwise communicated to the Adviser by the Clients. Depending on the nature of the relationship, these services may be offered on a discretionary or non-discretionary basis and may include the investment and reinvestment of securities, cash and cash equivalents, futures and options held in a Client’s account. If a Client wishes to impose certain restrictions on investing in certain securities or types of securities or is prohibited by applicable law from investing in such securities or types of securities, the Adviser will address those requests on a case-by-case basis.

### **Wrap Fee Programs**

The Adviser does not participate in wrap fee programs.

## **Regulatory Assets Under Management**

As of December 31, 2023, the Adviser manages approximately \$869,628,000 on a discretionary basis and \$0 on a non- discretionary basis.

## **Supervised Persons**

All supervised persons acting on behalf of the Relying Adviser are also supervised persons of Flat Footed. In addition, Flat Footed and the Relying Adviser operate under a single code of ethics (the "Code") and compliance manual that is administered by the Adviser's Chief Compliance Officer (the "CCO").

## **Item 5 - Fees and Compensation**

### **Fees with respect to the Funds**

As the sponsor/investment manager of the Funds, the Adviser and/or its affiliates receive management fees and, with respect to certain Clients, an incentive allocation, carried interest or incentive fee on net profits. Details regarding any incentive allocation, carried interest or other incentive fee are set forth in the next section entitled, "Item 6. Performance-Based Fees and Side-by-Side Management."

Fees paid to the Adviser are exclusive of all custodial and transaction costs paid to the Client's custodian, brokers or other third-party consultants. Please see *Item 12 – Brokerage Practices* for additional information. Fees paid to the Adviser are also separate and distinct from the fees and expenses charged by mutual funds, exchange traded funds ("ETFs") or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's or pool's prospectus or offering materials). Each Client (and each Investor) should review all fees charged by funds, brokers, the Adviser and others to fully understand the total amount of fees paid by the Client (and each Investor) for investment and financial-related services.

The Adviser may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where the Adviser deems it appropriate under the circumstances.

The Adviser currently advises six Funds, FF Hybrid LP (the "FF Hybrid Fund"), Flat Footed Series LLC – Fund 1 (the "FF Series Fund 1"), Flat Footed Series LLC – Fund 2 (the "FF Series Fund 2") (collectively the "FF Funds"), FF Disposal LLC (the "FF Disposal Fund"), Solar Funding Group, LLC ("Solar"), and Post Union Perro LLC (the "PUP Fund"). PUP Fund is managed through the Relying Adviser.

Either the Adviser or the Client may terminate their investment advisory agreement at any time, subject to any written notice requirements in such agreement. In the event of termination in accordance with its terms, any paid but unearned fees will be promptly refunded to the Client based on the number of days that the account was managed, and any fees due to the Adviser from the Client will generally be invoiced or deducted from the Client's account prior to termination.

The FF Funds generally pays the Adviser an annualized management fee of 0.50%-1.25% (0.125%-0.3125% per quarter) as further described in the FF Funds' offering documents (the "FF Management Fee"). The FF Management Fee is paid quarterly in advance and will be prorated for any partial quarterly period. The FF Management Fee is deducted from the FF Funds. The FF Management Fee paid by the FF Funds are indirectly borne by the Investors in the FF Funds. Generally, the FF Funds

pay the FF Management Fee on the aggregate invested capital attributable to each Investor (subject to certain exclusions detailed in the FF Funds' offering documents), calculated as of the last business day of the applicable quarterly period. The FF Management Fee is generally subject to waiver or reduction by the Adviser in its sole discretion, including in connection with investments made by the FF Funds' General Partner or its related persons. FF Disposal does not charge a management fee for the 1<sup>st</sup> two years and then pays to the Adviser an annualized management fee of 1% (0.25% per quarter) for years 3-5 of the investment period. Solar does not pay the Adviser a management fee.

In addition, the FF Funds, including FF Disposal and Solar, are also responsible for certain of their operating expenses including, without limitation, legal, compliance, accounting (including third-party accounting services), tax, auditing, and administrative fees, as outlined in their offering documents. The FF Funds are also responsible for brokerage commissions and custodial fees paid to third parties.

In the event of a termination of the FF Funds', including FF Disposal and Solar, investment advisory agreement, fees will be prorated. Any paid but unearned fees will be promptly refunded to the Funds, and any fees due to the Adviser from the Funds will be invoiced or deducted from the Funds prior to termination.

For a period of up to five (5) years following the date of the initial investment in certain specified securities, PUP Fund generally pays the Adviser an annualized management fee of up to 1.25% (0.3125% per quarter), as further described in the PUP Fund's offering documents (the "PUP Management Fee"). The PUP Management Fee is paid quarterly in advance and will be prorated for any partial quarterly period. The PUP Management Fee is deducted from the PUP Fund. Management fees paid by the PUP Fund are indirectly borne by the Investors in the PUP Fund. Generally, the PUP Fund pays the PUP Management Fee on the aggregate capital contributed by each Investor in the PUP Fund. The Management Fee is generally subject to waiver or reduction by the Adviser in its sole discretion, including in connection with investments made by the PUP Fund's managing member or its related persons.

An amount up to four percent (4.0%) of each PUP Fund Investor's aggregate capital contributions (excluding the managing member) will be held in cash in order to pay the PUP Management Fee and certain other ordinary courses of business PUP Fund expenses (for example audit and tax preparation fees). While incremental expenses are not contemplated at this time, if such reserved amount is insufficient to pay the PUP Management Fee and certain other PUP Fund expenses and there are no liquid assets held by the PUP Fund, the PUP Fund may invoice each Investor for its share of the PUP Management Fee. Each Investor is required to pay such invoice within 30 days of receipt thereof. The PUP Fund has not charged fees to Investors since November 2019.

#### Fees with respect to the Sub-Advisory Clients

Sub-Advisory Clients may pay Flat Footed an annualized management fee of up to 1.00% (0.25% per quarter), as detailed in the investment advisory agreements with such Clients (the "Sub-Advisory Management Fee"). The Sub-Advisory Management Fee is subject to negotiation with the Client, and a Client may, therefore, pay more or less than other Clients for the same or similar management services. The Sub-Advisory Management Fee may be paid quarterly in advance. Generally, the Sub-Advisory Management Fee is based on the aggregate invested capital attributable to the Sub-Advisory Client. However, any Sub-Advisory Management Fee will be dependent on the individual investment advisory agreement negotiated between the Client and the Adviser.

In addition, the Sub-Advisory Clients may also be responsible for certain operating expenses including, without limitation, legal, compliance, accounting (including third-party accounting

services), tax, auditing, and administrative fees, as outlined in its investment advisory agreement with the Client. The Sub-Advisory Clients will also generally be responsible for brokerage commissions and custodial fees paid to third parties. Sub-Advisory agreements may vary between separately managed accounts and fund of one accounts.

In the event of a termination of a Sub-Advisory Client's investment advisory agreement, fees will be prorated. Any paid but unearned fees will be promptly refunded to the Sub-Advisory Client, and any fees due to the Adviser from the Sub-Advisory Client will be invoiced or deducted from the Sub-Advisory Client prior to termination. Notwithstanding the foregoing, the Adviser may negotiate or set a management fee different from the foregoing with respect to the Funds, Sub-Advisory Clients or any other Client the Adviser manages in the future.

The Adviser and its supervised persons do not receive a brokerage commission or any other compensation attributable to the sale of securities or investment products.

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

The Adviser may be entitled to receive performance-based compensation calculated as a share of the capital appreciation of the Funds and Clients. The Adviser only receives performance-based compensation in accordance with the provisions of the Investment Advisers Act of 1940.

At the end of each fiscal year and whenever an Investor makes a withdrawal from its capital account, there shall be reallocated to the Adviser (and/or an entity designated by the Adviser) from the capital account of such Investor of the FF Funds between 10% and 15% of such Investor's share of the net profits, subject to a clawback. Full details of the clawback are described in the offering documents and other governing documents of the respective FF Fund. For Investors in FF Disposal, the advisor (and/or an entity designated by the Adviser) will receive 10% carried interest after distributions to members equal 100% of their initial investment plus a 5% internal rate of return. The Investors in Solar do not pay a performance-based fee.

The Relying Adviser generally receives distributions of carried interest of up to 15% of the amounts available for distribution after the return of their capital contributions to each Investor in the PUP Fund. Please refer to the PUP Fund's offering documents for further details of this calculation.

The Adviser, in its sole discretion, may waive or reduce any incentive allocation, carried interest or other incentive fee with regard to Investors that are employees or affiliates of the Adviser or relatives of such persons or for other Investors such as large or strategic Investors.

The Adviser may charge an incentive fee to Sub-Advisory Clients up to ten percent (10%) of all net profits generated from the Sub-Advisory Clients.

Notwithstanding the foregoing, the Adviser or its affiliates may negotiate or set any incentive allocation, carried interest or other incentive fees or other terms different from the foregoing with respect to a Fund, Sub-Advisory Client or any other Client the Adviser provides management services in the future.

Additionally, the Adviser manages accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or account-based fee. Performance-based fees for the Adviser may be up to 15% of the profits generated in the Client's account. Because the Clients may have different fee structures, a conflict of interest exists where the Adviser must allocate any limited investment opportunities among the Clients and may have an incentive to allocate

to (a) a Client with a performance-based fee structure over Clients that are not charged a performance-based fee, and (b) Clients from which the Adviser will receive a greater performance-based fee over Clients with a less performance-based fee. Another potential conflict may arise if the Adviser manages the accounts of its principals and employees on a side-by-side basis with third party Clients. The Adviser generally addresses the foregoing conflicts by allocating investment opportunities among those Clients for which participation in the investment opportunity is considered appropriate in a fair and equitable manner, taking into account, among other considerations, whether the risk-return profile of the proposed investment is consistent with the Client's objectives and the liquidity requirements of the Client. Such considerations may result in allocations on other than a pari passu basis.

## **Item 7 - Types of Clients**

The Adviser's Clients (and Investors therein) may include endowments, sovereign wealth funds, public or private pensions, foundations, institutions, high net worth individuals, and the Funds. The Adviser does not provide investment advice individually to the Investors of the Funds.

Interests in the Fund are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Permitted Investors in the Fund may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, and other business entities.

Generally, the minimum investment requirement for the FF Hybrid Fund is \$1,000,000 and for the FF Series Fund 2 is \$100,000. The minimum investment for the FF Disposal Fund, FF Series Fund 1, and Solar is at the discretion of the general partner. The General Partner of FF Hybrid Fund or the managing member of FF Series Fund 2, and PUP Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment (or require a different amount), as set forth in the offering and other governing documents of the respective Funds.

Minimum account sizes for other Client accounts vary depending on the type of investment advisory services to be performed and in certain circumstances may be negotiable. Separate Client account investment advisory services are generally available to individuals and institutional accounts with a minimum account size at the discretion of the Adviser.

The Adviser may allow certain Investors to invest in a Fund on different business terms than other Investors. For example, a Fund may agree to provide certain Investors additional or different information from the information made available to the other Investors in a Fund. The Adviser also may agree to provide certain Investors with a fee arrangement that differs in structure and amount from that generally available to other Investors in the Fund. In determining whether to allow an Investor to participate in a Fund on different business terms, the Adviser may consider a number of different factors including, but not limited to, the Adviser's belief about whether the different terms will adversely affect the other Investors in a Fund considered as a group; such Investor's objectives in requesting or accepting such terms; whether such Investor is under legal, regulatory or "best practices" obligations to request such terms; and/or whether granting such terms is in any respect inconsistent with representations made by a Fund or the Adviser to Investors.

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

### *Methods of Analysis*

In making investment decisions on behalf of Clients (including the Funds), the Adviser monitors core



industry verticals. After identifying a vulnerable vertical, the Adviser compiles a roster of potential target companies within that vertical. The Adviser utilizes all pertinent accessible information (financial statements, presentations, other supplements provided by the company, proxies, other SEC filings, competitor information, industry statistics, trade publications, internally developed industry or other analysis) and develops a model showing the target's historical results and expected future results. Particular focus is placed on balance sheet metrics and cash generation.

### *Investment Strategies*

The Adviser's strategic approach is to invest each portfolio in accordance with the investment plan that has been developed specifically for each Client or Fund. The Adviser has historically focused on a select few, heavily researched, high conviction ideas. The Adviser views this model as a superior way to invest as compared to managing an evergreen portfolio of 30-40 names. In addition, the Adviser believes this helps avoid the need to always be invested, regardless of the quality of the opportunity set.

### The Funds

#### The PUP Fund

The Adviser's current investment strategy for the PUP Fund comprises the purchase of post-reorganization, over-the-counter equity of a formerly bankrupt agricultural commodity processing company. The aim of the strategy is to generate significant income for its Investors by turning around such company and returning cash dividends and/or cash proceeds on the sale of such company. The strategy involves significant risks, including the risk that the Fund (and, in turn, the underlying Investors in the Fund), could lose some or all of any invested capital. An investment in the Fund will provide limited liquidity because there are significant restrictions on transferability of the Fund's interests and withdrawals from the Fund.

#### The FF Hybrid Fund

The Adviser's current investment strategy for the FF Hybrid Fund is generally to invest substantially all of its assets in a mix of special situation equity, credit, and related securities. The Adviser intends to focus its investment program on asset-based and asset-heavy industries. One investment objective of the Partnership is to capitalize on earnings deterioration of distribution companies. To achieve its objective, the Adviser expects primarily to take short positions in publicly traded equity securities on behalf of the FF Hybrid Fund.

The Adviser will use a disciplined, value-oriented approach to identify securities whose market values differ materially from their fundamental worth. The Adviser believes that a compelling portfolio of investments can be created by building short positions in overvalued businesses with declining fundamentals and deteriorating competitive positions, in particular, businesses in the distribution sector.

The Adviser expects to take short positions in publicly traded equity securities, but may also invest in total return swaps, listed or custom equity put options, short positions in corporate bonds, or reasonably related equity, credit or other financial instruments, some of which may substitute for, add to, complement or hedge short positions. In addition to the leverage that is inherent in a short sale, swap, option or similar financial instrument, the FF Hybrid Fund may enter into securities transactions on margin in order to employ additional leverage when it deems such action to be appropriate, although it has not done so to date. Rather than entering into short sales directly, the FF Hybrid Fund may enter into swap transactions that provide comparable exposure.

Another investment objective of the FF Hybrid Fund is to capitalize on distortions and dislocations in securities of asset-heavy companies with complex capital structures, particularly those that may be overlooked because they are time consuming to research. To achieve this objective, the FF Hybrid Fund expects primarily to take long positions in publicly traded special situation equity securities and readily traded credit securities.

#### The FF Disposal Fund

The purpose of FF Disposal is to serve as a fund through which the assets of its investors may be utilized to make one or more investments in the securities of a portfolio company, which investment(s) will be made through a special purpose vehicle.

#### The FF Series Fund 1

FF Series Fund 1 investments will be in asset-heavy businesses with multi-tiered or complex capital structures.

The Investment Manager expects to invest in a mix of stressed high yield bonds, dislocated term loans, and related income generating securities, such as listed preferred stocks.

#### The FF Series Fund 2

FF Series Fund 2 was formed to invest in the dislocated credit and equity securities of a single issuer, which the Adviser believes to be an attractive opportunity due to its potential for delivering asymmetric returns, and to take any and all actions necessary, appropriate, desirable, incidental or convenient to or for the furtherance or accomplishment of the above purposes.

#### The Solar Fund

The Solar Fund was formed to make direct and indirect investments(s) in a portfolio company and to take any and all actions necessary, appropriate, desirable, incidental or convenient to or for the furtherance or accomplishment of the above purpose.

#### Designated Investments

Although it has no intention of doing so at the current time, and may never do so, for purposes of flexibility, the FF Hybrid Fund has given itself the right to allocate up to ten percent (10%) of its partners' or members' capital into related, exceptional, less-liquid investment opportunities ("Designated Investments") that may arise, or that it may discover under its normal course of business.

#### Risk of Loss

While the Adviser generally seeks to diversify Clients' investment portfolios [(except as described above with respect to the Funds)/and the Fund's investments] across various asset classes in an effort to reduce the risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that Client investment portfolios or the Fund will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that Client investment portfolios and the Funds face. However, each prospective Investor and Client should carefully review the applicable offering and other governing documents before deciding to invest with the Adviser.

*Management Risks.* While the Adviser manages Client investment portfolios and the Funds based on the Adviser's experience, research and proprietary methods, the value of Client's investment portfolios and the Funds will change daily based on the performance of the underlying securities in which they are invested. Accordingly, Client's investment portfolios and the Funds are subject to the risk that the Adviser allocates assets to asset classes that are adversely affected by unanticipated market movements and the risk that the Adviser's specific investment choices could underperform their relevant indexes.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, pandemics, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While the Adviser performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of the Adviser and no assurances can be given that the Adviser will anticipate adverse developments.

*Pandemics.* The impact of epidemics and pandemics could greatly affect the economies of many nations including the United States, individual companies, and the market(s). Pandemics may cause extreme volatility and disruption in both the U.S. and global markets causing uncertainty and risks to economic growth, etc. Health crises caused by the recent coronavirus outbreak may exacerbate other pre-existing political, social, and economic risks in certain countries and globally. Also, pandemics may result, as this outbreak of coronavirus has resulted, in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellation of travel, disruptions to supply chains and customer activity, as well as general concern and uncertainty.

*Other Catastrophic Risks.* In addition to the potential risks associated with COVID-19 as outlined above, the Clients may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on the Clients and their Portfolio Companies' operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Clients participate (or has a material effect on any Client Portfolio Companies or locations in which such Portfolio Companies or the Adviser operates or on any of their respective personnel) the risks of loss could be substantial and could have a material adverse effect on the Clients or the ability of the Adviser to fulfill its investment objectives.

*Conflict in Ukraine.* Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the

immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on the Clients and their investments.

The Clients may attempt to build strong relationships with company management. In certain cases, the Partnership's attempts to influence a company's management may result in the Clients taking or being granted a seat or seats on a company's board of directors. In this case, there exists the risk that the Clients will be restricted in transacting in or redeeming its investment in that company as a result of, among other things, legal restrictions on transactions by company directors or affiliates. Because there is substantial uncertainty concerning the outcome of transactions involving the target companies in which the Clients may invest, there exists a potential risk of loss by the Clients of its entire investment in such situations.

Moreover, as a result of the potential employment of shareholder or creditor activism as Client strategy and the possibility that the Clients may participate in or otherwise engage in restructuring or similar activities, it is possible that the Clients may become involved in litigation (as either plaintiff or defendant), pursue proxy solicitations or oppose shareholder votes, and/or engage public relations firms to assist in such endeavors. Litigation and proxy solicitations, or opposition thereof, entail potentially significant expense and the possibility of counterclaims against the Clients. Ultimately, judgments may be rendered against the Clients for which the Clients may not carry insurance.

*Risks Related to Alternative Investment Vehicles.* From time to time and as appropriate, the Adviser may invest a portion of a Client's portfolio or the Funds in alternative vehicles. The value of Client investment portfolios or the Funds will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective managers. When the investment objectives and strategies of a manager are out of favor in the market or a manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the manager may lose money. A Client account or the Funds may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the managers make unsuccessful investment decisions at the same time.

*Equity Market Risks.* The Adviser will generally invest portions of Client assets and the Funds directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, pooled investment funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* The Adviser may invest portions of Client assets or the Funds directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled

investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change the value from the time of issuance to maturity).

*Short Sales.* The Adviser, on behalf of its Clients or the Funds, may from time to time sell securities short in anticipation of the realization of a gain if the securities sold short should decline in market value. A short sale is affected by selling a security that the Client does not own or selling a security which the Client owns, but that it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the Client must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to deliver it to the lender. The Client must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the Client then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash and/or marketable securities with the lender. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short position and a theoretically unlimited loss to the Client.

*Lack of Diversification.* Client accounts or the Funds may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

*Leverage.* The Funds may allow the Adviser or one of its affiliates to borrow money on behalf of the Funds and to invest the proceeds thereof for the Fund's investment portfolio. While the use of leverage may increase potential gains, the Funds would also be subject to greater risk of loss in the event that investments acquired with borrowed money decline in value.

*Options Transactions.* The purchase or sale of an option involves the payment or receipt of a premium payment by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security or other instrument for a specific price at a certain time or during a certain period. Purchasing options involve the risk that the underlying instrument does not change the price in the manner expected so that either the option expires worthless and the investor loses its entire investment in the option, or the option is later sold at a substantial loss. Although an option buyer's risk is generally limited to the cost of its purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in underlying stocks. The risk for a writer of a put option is that the price of underlying stocks may fall below the exercise price. Over-the-counter options also involve counterparty solvency risk.

*Foreign Currency Risk.* Currency risk is the risk that the fair value of an investment will fluctuate because of changes in foreign exchange rates. Investments that are denominated in 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.

*Swap Agreements and Contracts for Differences.* Swap contracts are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to a number of years. Under a typical swap, one party may agree to pay a fixed rate or a floating rate determined by reference to a specified instrument, rate, or index, multiplied in each case by a specified amount ("notional

amount”), while the other party agrees to pay an amount equal to a different floating rate multiplied by the same notional amount. The Adviser may enter into swaps.

Under current law, “swaps” (as defined in Section 1.3 of the Commodity Exchange Act (the “CEA”) and applicable regulations) are regulated by the U.S. Commodity Futures Trading Commission, while “security-based swaps” (as defined in Section 1.3 of the CEA and applicable regulations) are regulated by the SEC. “Swaps” include, but are not limited to, certain foreign exchange and currency swaps, forwards and options, interest rate swaps and options, commodity swaps, and swaps referencing broad-based securities indices. “Security-based swaps” include, but are not limited to, swaps referencing single securities or narrow-based securities indices.

Swaps are either subject to a bilateral agreement with a counterparty or are cleared through a central clearing organization. To the extent the Adviser invests in swaps, forwards, options and other “synthetic” or derivative instruments that are not cleared on a central exchange, counterparty exposures can develop, and the Adviser takes the risk of nonperformance by the other party on the contract. Swaps, forwards, futures, options and other “synthetic” or derivative instruments that are cleared by a central clearing organization, which generally are supported by guarantees of the clearing organization’s members, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries, are subject to different risks, including the creditworthiness of the central clearing organization and its members. The regulation of derivatives continues to evolve and regulatory developments in the future could restrict the Adviser’s ability to engage in swap transactions or increase the cost or uncertainty involved in such transactions.

*Credit Risk.* The Adviser cannot control, and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any broker utilized by a Client, notwithstanding asset segregation and insurance requirements that are beneficial to Clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of securities held by Clients. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer’s securities held by a Client.

*Legislative and Tax Risk.* Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation; change in the U.S. government’s guarantee of ultimate payment of principal and interest on certain government securities and changes in the tax code that could affect interest income, income characterization, and/or tax reporting obligations. In certain circumstances, a Client may incur taxable income on his or her investments without a cash distribution to pay the tax due.

*Cybersecurity Risks.* The Adviser and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, but unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting the Adviser’s ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with the forensic analysis of the origin and scope of the breach, increased and upgraded

cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose the Adviser to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While we have established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.

*Private Equity Risks.* Private equity-related investments have a high degree of risk and often require long-term commitment. A private equity fund typically makes a limited number of investments, resulting in a high degree of risk with respect to each investment. Upon disposition of an investment, a private equity fund may be required to make representations about the business and financial affairs of the disposed investment or may be responsible for the contents of disclosure documents under applicable securities laws. These arrangements may lead to contingent liabilities which might lead to losses.

*Limitations of Disclosure.* The foregoing list of risks does not purport to be a complete enumeration or explanation of the risks involved in investing in investments. As investment strategies develop and change over time, Clients may be subject to additional and different risk factors. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disciplinary events to report.

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

Mr. Marc Andersen, the owner of Flat Footed, is also the principal and owner of the Relying Adviser. Mr. Andersen also serves as a Director of a privately-held carbohydrate processing company.

The Adviser (together with its affiliates) serves as the investment manager and general partner/managing member to the FF Funds and serves as the investment manager and managing member to the PUP Fund.

The Adviser does not recommend or select other investment advisers for Clients. As the sponsor/investment manager of the Funds, the Adviser receives management and performance fees or allocations from these Funds which creates a conflict of interest. All fees will be disclosed to the Clients in advance of their investment in a Fund.

The Adviser's employees, affiliates or their related persons may also invest directly in some or all of the Funds. In addition, as the Adviser manages multiple Clients, it may have conflicts of interest in allocating time and resources to such other Clients. As a result of the foregoing, the Adviser and its personnel may have conflicts of interest in allocating their time and activity between Clients, in allocating investments among Clients and other entities, and in effecting transactions between Clients and other entities, including ones in which the Adviser or its personnel may have a greater financial interest. To address these potential conflicts of interests in its material relationships, the Adviser has adopted policies and procedures, including a Code of Ethics (the "Code") (as described in Item 11). Under the Code, in general, all personnel of the Adviser, including directors, officers, and employees of the Adviser, must put the interests of the Adviser's Clients first and must act honestly and fairly in all respects in dealings with Clients. For a more detailed discussion of the Code and conflicts of interest policies, please see Item 11.

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

### Code of Ethics and Personal Trading

The Adviser has adopted the Code, the full text of which is available to Clients or potential Clients upon request. The Code has several goals. First, the Code is designed to assist the Adviser in complying with applicable laws and regulations governing its investment advisory business. Under the Advisers Act, the Adviser owes fiduciary duties to its Clients. Pursuant to these fiduciary duties, the Code requires the Adviser's associated persons to act with honesty, good faith and fair dealing in working with Clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for the Adviser's associated persons (managers, officers, and employees). Under the Code's Professional Standards, the Adviser expects its associated persons to put the interests of its Clients first, ahead of personal interests. In this regard, the Adviser's associated persons are not to take inappropriate advantage of their positions in relation to the Adviser's Clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading



activities of associated persons. The Adviser's associated persons may not invest in the same securities recommended to Clients, except as provided below. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, including generally disallowing trading by an associated person in any security any Client account trades or considers trading and the creation of a restricted securities list, reporting and review of personal trading activities and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage Clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As outlined above, the Adviser has adopted procedures to protect Client interests when its associated persons invest in the same securities as those selected for or recommended to Clients. In the event of any identified potential trading conflicts of interest, the Adviser's goal is to place Client interests first.

While the Adviser does not anticipate transferring securities from one Client account to another Client account (each such transfer, a "Cross Trade"), the Adviser would only so do if the Adviser determined the Cross Trade was in the best interests of both Clients. Further the Adviser would seek to ensure that any such Cross Trade is consistent with the investment objectives and policies of each Client account involved in the trade and applicable law, as well as with the Adviser's fiduciary duty and obligation to seek to obtain best execution for each Client.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Client by the Adviser or its personnel, the Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of Clients (and Investors therein) and approved or disapproved by (i) an advisory board comprised of representatives of such Clients (and Investors therein); (ii) independent members of a board of directors; or (iii) a committee consisting of one or more persons selected by the Adviser (or its affiliates), and any valuation approved by such a committee may, in the discretion of the committee, be determined by an independent third party that has appropriate experience in providing such valuations.

#### **Item 12 - Brokerage Practices**

The Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Client. 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 cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

In selecting a broker, the Adviser may consider a number of factors, including:

- execution capability
- net price
- reliability and financial stability
- clearance and settlement
- size of the transaction
- difficulty of transaction
- general reputation
- custodial and other services provided by the broker/dealer that are expected to enhance

- general portfolio management capabilities,
- block trading coverage of a particular security
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis)
- availability of stocks to borrow short

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. The Adviser will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of 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 brokers 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 investment manager 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 Securities and Exchange Commission or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

In some instances, the Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). 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). 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 Investment Manager from its own resources.

Research and brokerage services obtained by the use of commissions arising from the Client’s portfolio transactions may be used by the Adviser in its other investment activities, and thus, a Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Because many of those services could benefit the Adviser, it may have a conflict of interest in allocating Client brokerage business. In other words, the Adviser could have an incentive to execute Client transactions through a broker or dealer that provides valuable services or products and pay transaction commissions charged by that broker or dealer which may be higher than Adviser might otherwise be able to negotiate. The Adviser could also have an incentive to cause Clients to engage in more securities transactions that would otherwise be optimal in order to generate soft dollars with which to acquire research products and services.

Although the Adviser will make a good faith determination that the amount of commissions paid is

reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of “mixed use” products or services creates a potential conflict of interest between the Adviser and its Clients.

In selecting brokers and negotiating commission rates, the Adviser will consider the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Adviser may place transactions with a broker or dealer that refers potential Investors to the Funds advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the referral of potential Investors.

When appropriate, the Adviser may, but is not required to, aggregate Client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will generally be allocated securities based on the average price achieved for such trades. More specifically, each Client that participates in an aggregated order will participate at the average share price for all of the Adviser’s transactions in that security or other instrument on a given business day and transaction costs will be shared pro rata based on each Client’s participation in the transaction. No Client will be favored over any other Client as a result of such aggregation. Brokerage commission rates will not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single Client. The Adviser believes that its aggregation policy is lawful and consistent with its duty to seek best execution for all its Clients.

During the last fiscal year, the Adviser directed Client transactions to particular brokers based on each broker’s reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security, and the comprehensiveness and frequency of available research services and products provided by the broker.

Morgan Stanley & Co, LLC. and National Financial Services LLC (the “Prime Brokers”) are the current Prime Brokers for the Adviser.

The Adviser’s authority may be subject to conditions imposed by a Client, examples of which may include: (i) where the Client restricts or prohibits transactions in a certain industry, issuer or security and/or (ii) where the Client directs that some or all account transactions be effected through specific brokers or dealers. In the latter case, the Client is responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such brokers. The Adviser will assume no responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such Client’s account. A Client must recognize that it may not obtain rates as low as it might otherwise obtain if the Adviser had the discretion to select brokers or dealers other than those chosen by the Client. Any Client providing instructions to Adviser regarding the direction of brokerage transactions must notify Adviser in writing if the Client desires Adviser to cease executing transactions with or through any such broker or dealer.

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

The Adviser continuously reviews holdings across Client accounts. An account-by account review is conducted quarterly or more frequently as necessary. These reviews will focus on the appropriateness of the Client's investments for the Fund's portfolio and the performance of the Fund.

Investors in the Funds generally receive, among other things, a copy of audited financial statements of the Fund within 120 days after the fiscal year end of the Fund. In addition, Investors in the Funds will typically receive unaudited summary financial information regarding their investment in the Fund on a monthly basis. Investors in the Fund also receive regular reporting updates through letters and investor meetings. Sub-Advisory Clients generally receive written quarterly and annual reports from the custodian.

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

The Adviser may place transactions with a broker or dealer that refers potential Investors to the Funds advised by the Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Adviser is not selecting the broker-dealer in recognition of the referral of Investors. Please see *Item 12 - Brokerage Practices* for more information.

From time to time, the Adviser may enter into arrangements with third parties ("Solicitors") to identify and refer potential Clients to the Adviser and/or to serve as placement agents for the Fund. Consistent with legal requirements under the Advisers Act, the Adviser enters into written agreements with Solicitors under which, among other things, Solicitors are required to disclose their compensation arrangements to prospective Clients before such Clients enter into an agreement with the Adviser. To address potential conflicts of interest, the Adviser generally requires Solicitors to provide details, or the Adviser provides details, of any referral fees relating to a particular potential Client or potential Investor to that Client or Investor at the time of any solicitation activities. Any compensation paid to such placement agents that the Adviser may engage, will not impact the fees paid by Investors in the Fund.

### **Item 15 - Custody**

Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

The Adviser is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a qualified custodian. Qualified custodians include banks, brokers, futures commission merchants, and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles subject to audit and delivery if each pooled investment vehicle (i) is audited at least annually by an independent public accountant and (ii)

distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their investors, all limited partners, members or other beneficial owners within 120 days (180 days in the applicable case of a fund of fund adviser) of its fiscal year-end. The Adviser relies upon this audit exception with respect to the Funds.

#### **Item 16 - Investment Discretion**

The Adviser has discretionary authority to determine the investments to be bought or sold and the amounts to invest for Client accounts, pursuant to the respective investment advisory agreements between the Adviser (or its affiliates) and the Client.

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

The Adviser votes all proxies on behalf of each account over which the Adviser has proxy voting authority based on the Adviser's determination of such account's best interests. In determining whether a proposal serves an account's best interests, the Adviser considers a number of factors, including:

- the proposal's economic effect on shareholder value;
- the threat that the proposal poses to existing rights of shareholders;
- the dilution of existing shares that would result from the proposal;
- the effect of the proposal on management or director accountability to shareholders; and
- if the proposal is a shareholder initiative, whether it wastes time and resources of the company or reflects the grievance of one individual.

The Adviser abstains from voting proxies when it believes that it is appropriate to do so.

If a material conflict of interest over proxy voting arises between the Adviser and a Client, the Adviser will vote all proxies in accordance with the policy described above. If the Adviser determines that this policy does not adequately address the conflict of interest, the Adviser will notify the Client of the conflict and request that the Client consent to the Adviser's intended response to the proxy solicitation. If the Client consents to the Adviser's intended response or fails to respond to the notice within a reasonable time specified in the notice, the Adviser will vote the proxy as described in the notice. If the Client objects in writing to the Adviser's intended response, the Adviser will vote the proxy as the Client directs.

A Client can obtain a copy of the Adviser's proxy voting policy and a record of votes cast by the Adviser on behalf of that Client by sending an email to [ir@flatfootedllc.com](mailto:ir@flatfootedllc.com).

#### **Item 18 - Financial Information**

The Adviser is not required to include a balance sheet for its most recent financial year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy petition at any time during the past ten years.