

ITEM 1
COVER PAGE

WALNUT GROVE CAPITAL PARTNERS, LP

PART 2A OF FORM ADV: FIRM BROCHURE

March 28, 2024

Walnut Grove Capital Partners, LP
20 Huling Ave, Suite 102
Memphis, Tennessee 38103
Tel: 901.464.4850
<https://www.walnutgrove.com/>

This brochure ("**Brochure**") provides information about the qualifications and business practices of Walnut Grove Capital Partners, LP (the "**Adviser**", "**we**" or "**Walnut Grove**"). If you have any questions about the contents of this Brochure, please contact us at 901.464.4850 or PARTNERS@WALNUTGROVE.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.

The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply any level of skill or training.

Additional information about Walnut Grove also is available at the SEC's website www.adviserinfo.sec.gov.

This Brochure does not constitute an offer to sell or the solicitation of an offer to buy any security.

ITEM 2
MATERIAL CHANGES

Walnut Grove routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Since its initial registration filed on June 30, 2022 (and subsequent annual amendments), Walnut Grove has made certain updates to Item 8 with respect to risks relating to investment strategies. This annual update also includes routine annual updating changes with respect to the dates on the Cover Page and in this Item 2, along with updated regulatory assets under management.

Except as otherwise specified, all information set forth or referenced in this Brochure is as of the date hereof. Subject to the requirements of the Advisers Act, and other applicable laws, Walnut Grove is under no obligation to update any such information.

ITEM 3
TABLE OF CONTENTS

ITEM 1 COVER PAGE	1
ITEM 2 MATERIAL CHANGES	2
ITEM 3 TABLE OF CONTENTS	3
ITEM 4 ADVISORY BUSINESS	4
ITEM 5 FEES AND COMPENSATION.....	5
ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	7
ITEM 7 TYPES OF CLIENTS	8
ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	8
ITEM 9 DISCIPLINARY INFORMATION	20
ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	20
ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	21
ITEM 12 BROKERAGE PRACTICES	23
ITEM 13 REVIEW OF ACCOUNTS	24
ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION	25
ITEM 15 CUSTODY.....	25
ITEM 16 INVESTMENT DISCRETION	25
ITEM 17 VOTING CLIENT SECURITIES	25
ITEM 18 FINANCIAL INFORMATION	26

ITEM 4 ADVISORY BUSINESS

Walnut Grove is a Memphis, Tennessee based investment firm founded in 2013. Samuel A. Thompson IV, as the managing member of Walnut Grove Capital Partners, LLC, the general partner of Walnut Grove, is the principal owner of Walnut Grove and controls Walnut Grove. The general partner of Walnut Grove has ultimate responsibility for the management and operations of Walnut Grove. For purposes of this Brochure, “Walnut Grove” shall include (where the context permits) Walnut Grove Capital Partners, LLC and the affiliated general partners of the Funds (as defined below).

Walnut Grove provides investment advisory services to privately offered alternative investment funds (the names of which are set forth below). The primary investment objective of the Funds is to maximize long-term total returns in variable market and economic conditions, while emphasizing preservation of capital. Walnut Grove invests the Funds’ assets in both public and private companies. Each Fund may have different investment features, which may include varying levels of fees, withdrawal rights, investment guidelines, investment minimums, investor qualification standards, and liquidity terms. Generally, the Funds invest in a concentrated portfolio of companies Walnut Grove evaluates to have enduring competitive advantages. Please see Item 8 –Methods of Analysis, Investment Strategies and Risk of Loss, for a more comprehensive discussion of our investment approach.

Private Funds

- Walnut Grove Partners, LP
- Marked Tree or Marked Tree Funds:
 - Marked Tree Partners I, LP
 - Marked Tree Partners Holdings, LP
- Marked Tree SSI Co-Invest, LP

The investment strategies, risks, fees, and other important information about each Fund are set forth in the applicable Fund’s confidential private placement memorandums, limited partnership agreements, investment advisory agreements, co-investment agreements, side letters and other governing documents of the relevant Fund or account (collectively, the “**Governing Documents**”). The information in this Brochure does not purport to be a complete description of the Funds and it is qualified in its entirety by a Fund’s Governing Documents. Walnut Grove makes all investment decisions on behalf of the Funds pursuant to the terms of an investment management agreement between each Fund and Walnut Grove.

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. Advisory services are provided to the Funds in accordance with the investment management agreements with the Funds and Governing Documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund and/or the investment management agreements.

From time to time, Walnut Grove will form capital around a particular investment strategy or theme, or establish, on a transaction-by-transaction basis, special purpose vehicles, separately managed accounts or other accounts or arrangements through which certain persons generally invest alongside or with one or more Funds or other Clients (each, a “Co-Investment Vehicle”). Walnut Grove does not participate in any wrap fee programs.

Throughout the Brochure, where the context requires or is appropriate, the term “Client” applies to a Fund and may also apply to Co-Investment Vehicles. Any offer to sell or a solicitation of an offer to buy Interests in the Fund will be made only by delivery of the confidential Governing Documents to qualified investors.

As of December 31, 2023, Walnut Grove managed on a discretionary basis approximately \$172,500,000 in regulatory assets under management. Walnut Grove does not currently manage any assets on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

Compensation for investment management services provided by Walnut Grove and its affiliates for its Funds is comprised of (i) a fixed annual asset-based management fee (the “**Management Fee**”), and (ii) performance or incentive-based compensation (the “**Performance Fee**”).

- **Walnut Grove Partners, LP:** The Fund will pay an annual Management Fee ranging from 1.0% - 1.25% of the net asset value of the capital accounts of the investors in the Fund. The Management Fee is payable in quarterly installments in advance.
- **Marked Tree Funds:** During the commitment period, the Funds will pay an annual management fee ranging from 1.25% - 1.5% per annum on the sum of the net invested capital and unfunded capital commitment of an investor or the capital commitment of an investor of the Funds; and depending on the Fund, after the commitment period, a fee ranging from 1.25%-1.5% per annum on the aggregate net invested capital of the Funds. Management Fees are payable quarterly in advance starting on the initial closing date of each commitment period and on each January 1, April 1, July 1 and October 1 thereafter.
- **Marked Tree SSI Co-Invest, LP:** The Management Fee calculated with respect to each investor in the Co-Investment Vehicle shall be equal to 0.5% per annum (0.125% per quarter) of the total capital commitment of such an investor. The Management Fee shall be payable in quarterly installments in advance, commencing on the Closing Date and payable on each January 1, April 1, July 1 and October 1 thereafter.

The Adviser and its affiliates can waive the Management Fee, in their sole discretion, with respect to certain investors. In addition, and as previously described in Item 4 above, Walnut Grove and/or its

affiliates has entered into side letter arrangements with certain investors of the Funds, in which Walnut Grove and/or its affiliates have granted such investors with preferential terms, which may include fee reductions or waivers.

Subject to certain limitations, affiliates of Walnut Grove are also entitled to receive from each Fund a performance-based profit allocation from time to time. Please see Item 6 below for a further description of this performance-based profit allocation.

Expenses paid by the Funds are set forth in detail in the Governing Documents of the relevant Fund. As a general matter and in addition to the Management Fee, a Fund will pay, or reimburse the Adviser or its affiliates for all other fees, costs, expenses, liabilities and obligations relating to each Clients' activities, business or actual or potential investments, all as more fully described in the Governing Documents. Such expenses include, e.g., organizational, investment-related expenses, including, legal expenses, internal and external accounting, research fees and expenses, consulting fees (both related and unrelated to research), audit and tax preparation expenses, any taxes, filing fees, insurance costs, administrator and custody fees and expenses, brokerage commissions, borrowing charges (including interest on borrowings), travel, and the purchase, sale or transmittal of assets.

In addition to paying the above management fees to the Adviser, Marked Tree SSI Co-Invest, LP is also subject to other expenses. The vehicle either directly pays for ongoing operational expenses incurred in connection with the vehicle and its respective proportionate shares of the ongoing operational expenses incurred in connection with its investment or reimburse Walnut Grove (or an affiliate) for the incurrence of these expenses on its behalf. The expenses cover costs related to investor reports and communication, software and IT tools, broken deals/break-up fees; audit, legal and tax advice; regulatory findings; transactions of portfolio investments and commissions and insurance.

Investors and prospective investors should review the Governing Documents of the Funds carefully because they, and not the summary in this Brochure, describe more specifically the expenses they will bear.

The specific manner in which Walnut Grove and its affiliates calculate and charge fees to their Clients is established and described in greater detail in the Governing Documents of the relevant Client. The Governing Documents also contain detailed information about other fees that are applied to reduce the management fees payable by a Fund. Investors should refer to these Governing Documents for a complete understanding of how Walnut Grove and its affiliates are compensated for its advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

From time to time Walnut Grove will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or Walnut Grove on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds. Walnut Grove allocates expenses in accordance with its expense allocation policies and procedures. Certain expenses are the obligation of one particular Fund and are borne by such Fund. Conversely, certain expenses relate to more than one Fund and in such instances are allocated among such Funds. In exercising its discretion to allocate investment opportunities and fees and expenses, Walnut Grove is faced with a variety of potential

conflicts of interest. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. Walnut Grove will make corrective allocations and take mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable to ensure allocations are equitable on an overall basis in its good faith judgment. Notwithstanding the foregoing, the portion of an expense allocated to a Fund or an investor in a Fund for a particular service may not reflect the relative benefit derived by such Fund or investor from that service in any particular instance and a Fund (and investors therein) will bear more or less of a particular expense based on the methodology used.

Walnut Grove, its affiliates and other third-parties collect or receive directly or indirectly from the portfolio companies fees such as break-up fees, transaction fees, commitment fees, management fees, monitoring fees, directors' fees, options and similar fees, payments or compensation. The monitoring fees received from the portfolio companies are not applied to reduce the management fees payable by the Funds.

Walnut Grove's affiliates have entered into agreements with certain investors (collectively "**Founding Partners**") whereby in exchange for contributing the initial funding for a Fund, the Founding Partners are entitled to receive an ownership interest in an affiliate which receives the Performance Fee. No Founding Partner is a sponsor or promoter of the Fund, and other than providing the initial funding and providing a representative for the advisory board, no Founding Partner owes any obligation to the Fund or has duties to other investors.

Please also see Item 12 for additional information relating to Walnut Grove's brokerage practices.

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5 above, Clients will be subject to a performance allocation, carried interest, or incentive-based fee (the Performance Fee) in addition to the Management Fee. Performance-based compensation represents an asset manager's compensation for managing an account which is based upon a percentage of the net profits (for certain Funds and Co-Investment Vehicles, and in certain circumstances, whether realized or unrealized, and inclusive of a high watermark and hurdle rate) of the account being managed and as set forth further in each Fund's Governing Documents. Performance-based compensation like the Performance Fee creates certain inherent conflicts of interest with respect to Walnut Grove's management of assets. Specifically, Walnut Grove and its affiliates' entitlement to performance-based compensation in managing one or more accounts may create an incentive for the Adviser and its affiliates to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation.

To maintain fair and equitable treatment of all of its Client accounts, Walnut Grove has implemented compliance policies and procedures to further its efforts to treat all accounts fairly and equitably over

time, regardless of their corresponding fee-structure. These policies and procedures are monitored by the Chief Compliance Officer.

Each Fund is related to a separate entity serving as special limited partner set up to receive the Performance Fee.

ITEM 7 TYPES OF CLIENTS

The Adviser currently provides discretionary investment advisory services to the Funds and a Co-Investment Vehicle. Investors in the Funds include high net worth individuals, family offices, corporations, business entities, fund of funds, affiliates of Walnut Grove and employees of Walnut Grove. Each investor in the Fund must meet the eligibility provisions as outlined in the respective Fund's offering documents which may be waived in the discretion of the Adviser. Investments in the Funds generally requires a minimum investment of \$250,000, although Walnut Grove may accept lesser amounts in its discretion.

Walnut Grove may provide similar or different advisory services to additional types of clients in the future, including, without limitation, other private funds and other types of clients.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that Walnut Grove offers to Clients is not exhaustive and should not be understood to limit in any way Walnut Grove's investment activities. Walnut Grove may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that Walnut Grove considers appropriate, subject to each Client's investment objectives and guidelines. Each Client may have objectives and/or restrictions that differ from the description below, as well as from other Clients. The specific details of the investment strategy and restrictions for any particular Client are set forth in the Fund Governing Documents and/or investment advisory agreement for such Client.

The investment strategies the Adviser pursues entail substantial risk and there can be no assurance that the investment objectives of any Client will be achieved. Clients should be prepared to bear the risk of losing their entire investment. There can be no assurance that the investment objectives of any Client will be achieved.

Walnut Grove invests opportunistically in owner-operated businesses in the public and private markets, across a range of industries and geographies. Generally, and across the Funds, Walnut Grove seeks to build a concentrated portfolio with significant potential for long-term capital appreciation by purchasing

at attractive valuations the securities of publicly traded and privately owned businesses that exhibit key attributes that will potentially enable them to consistently earn excess profits over a generational timeframe. The unified investment approach is implemented across the Funds with Walnut Grove Partners, LP primarily investing in the securities of publicly traded companies and the Marked Tree Funds executing control or majority buyout investments in private operating companies, typically categorized as lower middle-market or middle market, and with a focus on the services and technology sectors.

Walnut Grove carries out extensive research and due diligence prior to making an investment in any of its Funds. Screening memos are prepared that analyze a company's market and competitive position within that market, the company's cost and revenue structures (financial condition), expected future earnings over a long-term time horizon, potential capital structures, growth opportunities, strength and durability of its competitive advantages, and the capability of its management team. Further Walnut Grove leverages its extensive network of executive and business owner relationship network to further identify strengths and weaknesses associated with any potential investment. Walnut Grove draws on numerous resources throughout the investment process including, but not limited to, public and private financial statements, attending industry conferences and speaking with industry contacts, using traditional Wall Street and Middle Market research, and hiring consultants.

While the descriptions of the Funds investment strategies and methods of analysis are relevant to the co-investment funds, each Co-Investment Vehicle generally invests in one portfolio company of the main Marked Tree Funds and therefore lacks the potential benefit of diversification and will be particularly exposed to the legal and financial risks associated with that transaction.

Walnut Grove endeavors to commit each Funds resources among various investments and strategies consistent with the philosophy and process articulated above and in response to changing market conditions and opportunities.

B. Material, Significant or Unusual Risks Relating to Investment Strategies

The summary below describes in general terms some of the risk factors relating to the Walnut Grove's investment strategies and trading practices. It does not purport to be a complete enumeration or explanation of the risks involved and is qualified in its entirety by reference to the Governing Documents. It is, therefore, critical that investors refer to the Governing Documents for a more complete description of these and other risks.

Generic Investment Risks

Market Risk. No assurance can be given that the Funds will achieve its overall investment objectives or that Walnut Grove will be able to allocate the Funds' assets in a manner that is profitable to the Funds. Additionally, the profitability of a significant portion of the Funds' investment program may depend, in part, on correct assessments of the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to accurately predict such price movements. Unexpected volatility or liquidity in the markets in which the Funds directly or indirectly

holds positions could impair the Funds' ability to carry out its business and could cause it to incur losses. In addition to market risk, there is unpredictability as to changes in general economic conditions, which may affect the profitability of the Funds' investment programs. With respect to the investment strategies utilized by the Funds, there is always some, and often a significant, degree of market risk.

Public Health Emergencies and Other Force Majeure Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on Funds' investments and Walnut Grove's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for Fund portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Walnut Grove and other service providers could be reduced, delayed, suspended or otherwise disrupted. The Managing Partner could fall ill or otherwise be adversely affected by such events, requiring the addition and/or substitution of other investment personnel to act as portfolio managers. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Cybersecurity; System and Security Breaches and Disruptions. In the ordinary course of business, the Funds, Walnut Grove, its affiliates and their service providers use computer systems and networks and collect and store, on such parties' systems and networks and/or on the systems and networks of their third party vendors, sensitive data including the intellectual property, trading data and personally identifiable information of the Funds' investors. The secure processing, maintenance and transmission of this information is critical to the Funds' operations. Despite the security measures implemented by the Funds, Walnut Grove, its affiliates and their service providers and/or vendors, such parties' information technology and infrastructure may be vulnerable to attacks by hackers.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently. The Adviser, its affiliates and their service providers' systems and networks may also be susceptible to breaches as a result of employee error, malfeasance, governance surveillance or other security threats or technological disruptions.

These attacks or breaches may remain undetected for an extended period of time and could compromise such networks, resulting in the information stored therein being accessed, publicly disclosed, lost and/or stolen. Any such access, disclosure or loss of information may have legal ramifications (including legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory

penalties under federal and/or state securities laws) and may result in the disclosure or misuse of confidential information concerning the Fund's limited partners, cause financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational harm to Walnut Grove, its affiliates and/or the Fund and increase their respective costs. All of the foregoing potential consequences of an attack or breach could have a material adverse effect on the Funds and its investors.

Material Non-Public Information. By reason of their responsibilities in connection with the investment activities and the review of potential investments outside of the client account, the Adviser, its affiliates and certain of their officers, directors, employees, agents and affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Due to these restrictions, a client account may not be able to initiate a transaction that it might otherwise have and may not be able to dispose of an investment that it otherwise might have. With respect to the handling of material non-public information, the Adviser will adopt a material non-public information/insider trading policy with respect to such issues.

Risk With Respect to the Marked Tree Funds

Diversification. The Marked Tree vehicles will participate in a limited number of investments. As a result, the aggregate return of the Marked Tree vehicles may be affected by the performance of a single investment. Furthermore, to the extent that the capital raised is less than the targeted amount, the Marked Tree vehicles may invest in fewer Investments and thus be less diversified.

Competition for Investment Opportunities. There is currently, and will likely continue to be, competition for investment opportunities by investment vehicles with investment objectives and strategies identical or similar to the Marked Tree vehicles investment objectives and strategies, as well as by other private equity funds, business development companies, strategic investors, Funds and others. To the extent that the Marked Tree vehicles encounters competition for Investments, returns to investors may decrease. Based on the foregoing, there can be no assurance that the Marked Tree vehicles will be able to identify or consummate Investments that satisfy the Marked Tree vehicles objectives or realize upon their values, or that the Marked Tree vehicles will be able to fully invest commitments.

Difficulty of Locating Suitable Investments. The activity of identifying, completing, and realizing an attractive investment opportunity is highly difficult and involves a high degree of uncertainty. In addition, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance that the General Partner will be able to identify a sufficient number of suitable investment opportunities for the Marked Tree vehicles or that such investment opportunities will lead to completed investments by the Marked Tree vehicles.

Uncertainty of Financial Projections. Numerous material investment decisions will be based upon projections of operating results for portfolio companies, including, without limitation, capital expenditure, leverage levels, purchase price, valuations, and exit pricing. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. General economic conditions, which are not predictable, can also have a material adverse impact on the reliability of such projections.

Investing in Privately-Held Companies. The Marked Tree vehicles may invest a portion of its capital in the debt and equity of privately-held companies, which may be subject to higher risk than investments in publicly-traded companies. Generally, little public information exists about these companies, and the Marked Tree vehicles are required to rely on the ability of Walnut Grove to obtain adequate information to evaluate the potential risks and returns involved in investing in these companies. These factors could subject the Marked Tree vehicles to greater risk than investments in publicly-traded companies, negatively affect the Marked Tree vehicles' investment returns and cause the loss of all or part of an investor's investment in the Marked Tree vehicles.

Middle-Market Companies. The Marked Tree vehicles' investments will include investments in middle-market companies. Although investments in middle market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. As a result, such middle market companies may be more vulnerable to general economic trends, competition, and changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle market companies, could make it difficult for the Marked Tree vehicles to respond effectively to negative economic or political developments.

Investments in Less Established Companies. Although it is not an area of focus, the Marked Tree vehicles may invest a portion of its assets in the securities of less established companies, such as start-ups or new business enterprises, including, without limitation, build-ups in which the Adviser invests behind management teams aligned with its core sector investment themes. Investments in such less established companies will involve substantially greater risks than those generally associated with investments in more established companies and there may be no partners to share the risk of loss.

Investment in Small Companies. There is no limitation on the size or operating experience of the companies in which the Marked Tree vehicles may invest. Some small companies in which the Marked Tree vehicles may invest may lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Such companies may be small factors in their industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Reliance on Investment's Management Team. The day-to-day operations of an investment will generally be the responsibility of such Investment's management team. Although the investment Manager will be

responsible for monitoring the performance of investments and generally seeks to invest in companies operated by capable management, there can be no assurance that an existing management team, or any successor, will be able to successfully operate an investment in accordance with the Adviser's strategy for such company.

Search Engine Optimization and Social Networking. Certain of the Marked Tree vehicles' portfolio companies may depend in part on Internet search engines and social networking sites to drive traffic to their websites and facilitate customer purchases and other activity. A portfolio company's ability to maintain and increase the number of visitors directed to such portfolio company's websites is not entirely within a portfolio company's control. Internet search engine providers could align with such portfolio company's competitors or choose to develop competing services. Any reduction in the number of users directed to such portfolio company's websites through internet search engines could harm such portfolio company's business and operating results and cause the Marked Tree vehicles' investment results to be affected in a materially adverse manner.

Protection of Sensitive Customer Information. Certain of the Marked Tree vehicles' portfolio companies, and in particular those with e-commerce platforms, may collect, transmit and store personal and financial information provided by their customers, such as names, e-mail addresses, the details of transactions and credit card and other financial information. Moreover, techniques used to obtain unauthorized access to systems change frequently and may not be known until launched against such portfolio companies or their third-party service providers. Security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by employees of such portfolio companies or employees of third-party service providers. Any of these results could harm such portfolio companies' growth prospects, business and reputation and cause the Marked Tree vehicles' investment results to be materially adversely affected. See also "Cybersecurity" below.

Control Position Risk. The Marked Tree vehicles will generally make investments that allow the Marked Tree vehicles to acquire control or exercise influence over management and the strategic direction of a portfolio investment as described in the Governing Documents. The exercise of control over a company imposes additional risks of liability for a wide range of potential liabilities, including, without limitation, environmental damage, regulatory investigations, product defects, pension liabilities, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company and, in certain cases, the Marked Tree vehicles themselves. Additionally, the Marked Tree vehicles will generally indemnify the general partner and the Adviser from such claims and, as a result, will be indirectly exposed to any such liability incurred by the Adviser or an affiliate.

Investments in Distressed Assets. Although not the Marked Tree vehicles' primary strategy, the Marked Tree vehicles make investments in under-performing or other distressed assets. By their nature, these investments will involve a high degree of financial risk, and there can be no assurance that the Marked Tree vehicles' rate of return objectives will be realized or that there will be a return of capital. For instance, the company may lose its market position and key employees and otherwise may be incapable of restoring

itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. In addition, certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors.

Existing and Potential Investments Subject to Bankruptcy Laws. Investments operating in workout modes or under Chapter 11 of the United States Bankruptcy Code are, in certain circumstances, subject to additional potential liabilities that may exceed the value of the Marked Tree vehicles' original investment. While the Marked Tree vehicles will attempt to avoid taking the types of action that would lead to such liability, there can be no assurance that such claims will not be asserted or that the Marked Tree vehicles will be able to defend against them successfully.

Environmental Matters. Ordinary operations or the occurrence of an accident with respect to an investment could cause major environmental damage, which may result in significant financial distress to such investment, even if covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons. Even in cases where the Marked Tree vehicles is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Marked Tree vehicles to achieve enforcement of such indemnities.

Real Property. Although expected to be incidental to its primary investment objectives, the assets of the Marked Tree vehicles and its investments may include real property. Real property investments are subject to varying degrees of risk such as general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management. Real property values are also affected by factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Investments with Third Parties in Joint Ventures and Other Entities. The Marked Tree vehicles may co-invest with third parties through partnerships, limited liability companies, joint ventures or other entities, including, but not limited to, co-investments whereby the Marked Tree vehicles acquires controlling or non-controlling interests in certain investments. Although the Marked Tree vehicles intends to seek control rights over material business decisions affecting such joint ventures or other entities in which it invests, there can be no assurance that the Marked Tree vehicles will succeed in obtaining such control, and thus the Marked Tree vehicles may be unable to control the timing or occurrence of an investment. In addition, the Marked Tree vehicles may in certain circumstances be liable for the actions of its third-party partners or co-venturers.

While the Adviser or its affiliates will review the qualifications and previous experience of such entities and joint venture partners and will generally undertake private investigations with respect to prospective

entities or joint venture partners and obtain financial information from joint venture partners, there can be no assurances that such investigations will be complete or reveal all material facts relating to such joint venture partners or entities, particularly in certain foreign jurisdictions where information on individuals may be more limited or difficult to obtain.

Compensation to Joint Venture Partners. In connection with joint ventures, the Marked Tree vehicles may pay carried interest, incentive allocations, management fees and similar compensation and expenses to the joint venture partners. Such amounts would likely be material and would likely reduce the Marked Tree vehicles' returns.

Bridge Financing. From time to time, the Marked Tree vehicles may lend to investments on a short-term, unsecured basis or otherwise invest on an interim basis in Investments in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security. However, for reasons not always in the Marked Tree vehicles' control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by the Marked Tree vehicles.

Liquidity of Investments. The Investments are highly illiquid, and there is no assurance that the Marked Tree vehicles will be able to realize exit value on the investments in a timely manner. Illiquidity may result from the absence of an established Market for the investments, as well as legal or contractual restrictions on their resale.

Investments Longer than the Fund's Term. The Marked Tree vehicles may invest in investments that may not be advantageously disposed of prior to the date that the Marked Tree vehicles will be dissolved, either by expiration of each of the Marked Tree vehicles' term or otherwise.

Interest Rate Risks. The Marked Tree vehicles' anticipated investments may involve or otherwise be subject to loans, mortgages or other indebtedness that bear interest rates, including variable interest rates. Accordingly, if interest rates rise or decline, the Marked Tree vehicles' performance may be positively or negatively impacted if it fails to employ an effective hedging strategy to mitigate such risks, including engaging in interest rate swaps, caps, floors, and other interest rate contracts, and buying and selling interest rate futures and options on such futures. The Marked Tree vehicles has no control over a number of matters that may affect interest rates, including economic, financial and political events.

Lack of Operating History. The Marked Tree vehicles were recently established in Delaware for purposes of this offering and has no operating history. The successful investment of the Marked Tree vehicles assets will depend, among other things, upon the skills and professional personnel of the general partner, the Adviser, and their affiliates. The past investment performance of entities with which such professional personnel have been associated should not be construed as an indication of future results of any investment in the Marked Tree vehicles.

Loss of Investment Manager Principal. The principal and managing partner of the Walnut Grove and its affiliates is Samuel A. Thompson IV. If the services of Mr. Thompson became unavailable, the Marked Tree vehicles could sustain losses and/or be required to liquidate.

Carried Interest. The Carried Interest distributable to the general partners of each Marked Tree vehicle may create an incentive for the Adviser to make investments on behalf of the Marked Tree vehicles that are riskier or more speculative than would be the case in the absence of such Carried Interest.

Returns Net of Fees and Expenses. Marked Tree vehicles will pay the Management Fee and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid regardless of whether a Marked Tree fund produces positive investments returns. These fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in the Marked Tree fund by such limited partner.

Valuation and Changing Accounting Standards. Most (if not all) of the investments will not be actively traded. In the absence of market comparisons, the Marked Tree vehicles will use other pricing methodologies, including, for example, models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then-current market conditions and other factors believed at the time to be likely to influence the potential resale price of an Investment. Such methodologies may not prove to be accurate and the Marked Tree vehicles' inability to accurately price investments may result in adverse consequences for the Marked Tree vehicles. Specifically, for purposes of financial reporting that is compliant with U.S. generally accepted accounting principles ("**GAAP**"), the Marked Tree vehicles are required to follow the requirements for valuation set forth in Accounting Standards Codification 820 ("**ASC 820**"), "Fair Value Measurements and Disclosures" (formerly, Financial Accounting Standards No. 157, "Fair Value Measurements"), which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Additional Financial Accounting Standards Board ("**FASB**") Statements and guidance and additional provisions of GAAP that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Except as described below, the Adviser applies ASC 820 and other relevant FASB statements and guidance to the valuation of the Marked Tree vehicles' assets and liabilities.

Notwithstanding the foregoing, the Adviser may determine in certain instances to assign to a particular asset a different value under the terms of the Marked Tree vehicles' Governing Documents than the value assigned to such asset for financial reporting purposes. In particular, the Adviser may not apply GAAP when determining whether an asset has declined in value for the purposes of determining distributions (including, without limitation, distributions of carried interest) and Management Fees payable by the Marked Tree vehicles.

Risks Associated with Evergreen Investments. The general partner and Adviser may determine that one or more of a Marked Tree vehicles' investments may be held for longer than such Marked Tree vehicles' term. Evergreen investments present heightened risks relating to their longer duration as well as additional risks. While certain guiding parameters are set forth in the Marked Tree vehicles' Governing Documents, those parameters may be altered in accordance with the amendment procedures applicable to the Governing Documents and the specific terms of any such fund.

Indemnification. The Marked Tree vehicles will be required to indemnify covered persons as set forth in the Governing Documents. Such liabilities may be material. The indemnification obligation of the Marked Tree vehicles would be payable from the assets of the Marked Tree vehicles.

Reinvestment. During the commitment period, the general partner may reinvest or distribute and recall any funds (whether representing a return of capital, income or gain) recovered from the disposition, recapitalization or other realization.

Leverage. The general partner expects to utilize leverage in connection with the investments, the levels of which are expected to be significant in many cases. Although the general partner will seek to use leverage in a manner it believes is prudent, the use of such leverage involves a high degree of financial risk and will increase the exposure of the Investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investments.

Subscription Facility. Marked Tree vehicles may make borrowings in anticipation of calling capital from investors and, in connection with such borrowings, the Marked Tree vehicles may enter into a subscription facility with a bank or syndicate of banks. The subscription facility may be secured by the Marked Tree vehicles assets or the obligations of the investors to make capital contributions.

Tax Risks. An investment in the Marked Tree vehicles may involve complex tax considerations that will differ for each investor depending on the investor's particular circumstances. No assurance can be given that changes in tax law (or in the interpretation or administration thereof by tax authorities) that are adverse to the Marked Tree vehicles or to investors in the Marked Tree vehicles will not occur. For additional information about tax risks such as the *U.S. Federal Income Tax Risk, Entity-Level Audits or Tax-Exempt Organizations* applicable to the Marked Tree vehicles, please refer to the Governing Documents.

Risks With Respect to Walnut Grove Partners, LP

Fund Strategy. The Fund engages in short sales, hedging, option trading, leverage (including, but not limited to, margin trading and investing in derivatives) and other strategies from time-to-time. Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. Trading on margin and other leveraging strategies can increase the profit potential of a securities portfolio, but concomitantly increase the risk of loss. Any such strategies that the Fund employs should be expected to increase the Fund's transaction costs, interest expense and other costs and expenses. In addition, margin trading requires the pledge of Fund securities as collateral,

and margin calls may require the Fund to pledge additional collateral or to liquidate its securities holdings, resulting in the sale of portfolio securities at substantial losses that would not otherwise be realized. No assurance can be given that short sales, hedging, leverage and other techniques and strategies will not result in material losses for the Fund.

Activist Positions. The Fund may occasionally take an activist position in a portfolio company. If the Fund takes such a position, there exists the risk that the intended strategy for a particular company will be unsuccessful. Further, when securities are purchased in anticipation of influencing the future direction of a company, a substantial period of time may elapse between the Fund's purchase of the securities and the anticipated results. The Fund may also attempt to build relationships with company management. In certain cases, an attempt to influence a company's management may result in a principal of the Adviser taking a seat on a company's board of directors. In such a case, there exists the risk that the Fund will be restricted in transacting 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 Fund may invest, there exists a potential risk of loss by the Fund of its entire investment in such companies.

Illiquidity of Certain Investments. Certain investments will not have a ready value and as such will be maintained in account. As a result, investors may not withdraw their *pro rata* share of any such investment for an indefinite period of time even though they have otherwise fully withdrawn their remaining interest in the Fund.

Credit Risk of Prime Brokers. The Fund will assume the credit risk associated with placing its funds and securities with its Prime Brokers, and the failure or bankruptcy of the Prime Brokers could have a material adverse impact on the Fund and may also attempt to build relationships with company management. In certain cases, an attempt to influence a company's management may result in a principal of the Adviser taking a seat on a company's board of directors. In such a case, there exists the risk that the Fund will be restricted in transacting 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 Fund may invest, there exists a potential risk of loss by the Fund of its entire investment in such companies.

Hedging Risks. Walnut Grove may hedge some or all of the Fund's portfolio by taking long and short positions in related securities. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between the position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and the Fund may be exposed to a risk of loss. In addition, it is not possible to hedge fully or perfectly against any risk, and hedging entails its own costs.

Walnut Grove may determine in its sole discretion not to hedge against certain risks, and certain risks may exist that cannot be hedged.

Short sales. Short sales of securities involve the sale of securities which are borrowed from a third-party lender (such as a brokerage firm). If borrowing securities for short sales, the Fund is required to pledge deposits of cash or securities equal to or exceeding the market price of the securities borrowed. The making of short sales exposes the Fund to the risk of liability for the market value of the security that is sold, which is an unlimited risk due to the lack of an upper limit on the price to which a security may rise.

Options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call.

Futures Contracts. Futures contracts are usually made on a futures exchange and call for the future delivery of a specified "commodity" at a specified time and place. These contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the "commodity" or by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the end of trading in the contract month. Futures prices are highly volatile.

Risk of Leverage. The Fund does not anticipate using a significant amount of leverage; however, the Fund may utilize leverage from time to time. The Fund's use of leverage may not exceed the limits generally permitted under applicable law. The use of leverage, while providing the opportunity for a higher return on investment, also increases the volatility of such investments and the risk of loss. Investors should be aware that an investment program utilizing leverage is inherently more speculative, with a greater potential for losses, than a program which does not utilize leverage.

Possible Adverse Effects of Substantial Withdrawals. In the event that there are substantial withdrawals of the interests within a limited period of time, the Fund may find it difficult to adjust its asset allocation and trading strategies to the suddenly reduced amount of assets under management.

Mandatory Withdrawal or Exit. The General Partner or Adviser may require an investor to withdraw a portion of funds from their capital account or to withdraw all such funds and exit the Fund for any reason or for no reason.

Distributions. The General Partner does not intend to make distributions to the Limited Partners but intends to re-invest substantially all of the Fund's income and gains for the foreseeable future. Limited Partners will be liable to pay taxes on their allocable share of the Fund's taxable income without regard to whether the Fund distributes any such income.

Non-U.S. Investment and Trading on Foreign Exchanges. The Fund may invest in non-U.S. securities, and may also take positions in non-U.S. currencies. Investments in non-U.S. instruments involve risks and considerations not present in U.S. investments. Currency exchange rates can be affected unpredictably by controls or restrictions imposed by U.S. or foreign central banks or other governmental agencies in joint or unilateral efforts to alter exchange rate trends. The Fund may engage in trading on foreign exchanges and other markets located outside of the U.S and be subject to additional counterparty risks.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a current or prospective Client's or investor's evaluation of Walnut Grove's advisory business or the integrity of Walnut Grove's management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status

Walnut Grove is not registered as, or has an application pending to register as, a broker-dealer or a registered representative of a broker dealer.

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

Walnut Grove relies on annually filed exemptions from commodity pool operator and commodity trading advisor registration in respect of trading for commodity interests or instruments that fall under the jurisdiction of the Commodity Futures Trading Commission.

C. Material Relationships or Arrangements with Industry Participants

Each Fund is managed by a separate general partner affiliated with Walnut Grove which has the authority to make investment decisions on behalf of the Funds. While each general partner maintains ultimate authority over each Fund, Walnut Grove provides investment advisory services to such Funds as the investment manager of such Funds.

The Adviser is affiliated with Walnut Grove Advisory Partners, a vehicle set up to provide business consulting and board membership services to two private companies. Mr. Thompson is a board member to one of the private companies. He also advises the board of the other private company which is a strategic investor in one of the Funds and which can provide financing to the Clients.

D. Material Conflicts of Interest Relating to Other Investment Advisers

Walnut Grove does not recommend or select other investment advisers for its Clients.

ITEM 11

**CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING**

A. Code of Ethics.

Walnut Grove has adopted a code of ethics ("**Code of Ethics**") to establish good business practices and prevent violations of the federal securities laws.

The Code of Ethics is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). The Code of Ethics applies to Walnut Grove's supervised persons (which term includes all officers and employees of Walnut Grove) ("**Supervised Persons**"). The Code of Ethics requires Supervised Persons to comply with applicable federal securities laws and sets forth a standard of business conduct that takes into account Walnut Grove's status as a fiduciary. Walnut Grove has additional policies that address certain issues facing Walnut Grove such as: outside business activities, gifts and entertainment, and conflicts of interest. The Code of Ethics also requires Supervised Persons to promptly bring known or suspected violations of the Code of Ethics to the attention of Walnut Grove's Chief Compliance Officer. All Supervised Persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.

The Code of Ethics also includes Walnut Grove's insider trading policy which provides that no Supervised Person may trade, either personally or on behalf of any Client of Walnut Grove, while in possession of material, non-public information or communicate such information to another in violation of law.

As required by Rule 204A-1 of the Advisers Act, and as further discussed in Item 11C below, the Code of Ethics also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Supervised Persons. Supervised Persons must pre-clear all transactions in securities. In addition, Supervised Persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1. Walnut Grove maintains a "restricted list" that includes, among other things, the names of companies whose securities are subject to a ban on sales or purchases because Walnut Grove has knowledge of material non-public information regarding such companies, as well as the names of companies in any Client's investment portfolio or that Walnut Grove is considering for potential investment. The pre-clearance process is designed to ensure that personal trading does not occur in securities of companies on the restricted list.

THE INFORMATION CONTAINED IN THIS ITEM 11A IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE CODE OF ETHICS. WE WILL PROVIDE A COPY OF THE CODE OF ETHICS TO ANY CLIENT OR INVESTOR, OR PROSPECTIVE CLIENT OR INVESTOR, UPON REQUEST. PLEASE CONTACT US AT PARTNERS@WALNUTGROVE.COM.

B. Participation or Interest in Client Transactions.

As previously noted, Walnut Grove serves as the investment adviser to the Clients. Walnut Grove and its employees are Fund investors in one of the Funds. These affiliated investors are currently charged a Management Fee or Performance Fee, however, these fees may be waived in future. Walnut Grove believes that the fact that Walnut Grove, its affiliates and related persons are also Fund investors aligns the interests of such parties with the interests of other third-party Fund investors. However, having an ownership interest in the Funds by Walnut Grove, its affiliates and related persons could potentially motivate Walnut Grove to favor the Funds over other Clients in allocating investment opportunities. Walnut Grove has adopted procedures designed to ensure that its other Clients are treated in a fair and equitable manner as described in Item 6 above.

The Adviser sometimes arranges for a cross transaction between the Marked Tree Funds and Co-Investment vehicles in which one vehicle buys a security from or sells a security to another account when Walnut Grove deems the transaction to be in the best interest of each participating client.

Walnut Grove also maintains a Code of Ethics, as further described in Item 11A above, and all Supervised Persons are required to acknowledge their receipt and understanding of the Code of Ethics. Finally, as noted in Item 11A and 11C, all Supervised Persons are subject to personal securities transaction pre-clearance requirements to ensure that personal trading does not occur in securities of companies in any Client's investment portfolio or that Walnut Grove is considering for investment.

C. Personal Trading.

Subject to significant restrictions, Walnut Grove's Supervised Persons are permitted to execute securities transactions in their personal accounts. This presents potential conflicts in that an officer or employee of Walnut Grove could make improper use of information regarding a Client's holdings or future transactions contemplated for a Client. For example, a Supervised Person could take for himself or herself an investment opportunity available to a Client or seek to "front run" trades for a Client.

Walnut Grove manages the potential conflicts of interest inherent in personal trading by enforcement of its Code of Ethics, which contains pre-clearance and reporting guidelines for Supervised Persons. Specifically, the Code of Ethics requires Supervised Persons to obtain prior written approval from the Chief Compliance Officer before engaging in any transactions in their personal accounts. The Chief Compliance Officer may only approve the transaction if he concludes that the transaction would comply with the provisions of the Code of Ethics. As noted above, Walnut Grove also maintains a "restricted list," which includes securities that are under consideration for investment by Clients, as well as any securities owned by Clients. Generally, any security appearing on the restricted list will not be approved for personal trading.

The Chief Compliance Officer or his designee also reviews each Supervised Person's personal transaction reports to make sure each Supervised Person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.

ITEM 12

BROKERAGE PRACTICES

In regard to the Marked Tree Funds and Marked Tree SSI Co-Invest, LP, Walnut Grove focuses on making investments in private securities and thus it does not ordinarily pay commissions to broker-dealers in connection with such investments. Similarly, it does not engage (or expects to engage) in soft dollar practices, directed brokerage or trade aggregation.

In regard to Walnut Grove Partners, LP the Adviser has full authority to select broker-dealers to execute its transactions. Walnut Grove utilizes unaffiliated broker-dealers to place execution orders with respect to all transactions for Walnut Grove Partners.

Walnut Grove recognizes its duty to obtain "best execution" for Walnut Grove Partners, LP and portfolio transactions are executed by broker-dealers selected by Walnut Grove on the basis of their ability to effect prompt and efficient execution at competitive rates. In selecting brokers and negotiating commission rates, Walnut Grove takes into account, among other things, the financial stability and reputation of brokerage firms, their execution capacity and responsiveness, their commitment to maintaining the confidentiality of Walnut Grove's trading programs, and the research, trading services, brokerage or other services provided by such brokers. While Walnut Grove does not select brokers solely on the basis of commission rates and as a result may not necessarily pay the lowest commissions, Walnut Grove believes that the broker-dealers it utilizes to execute transactions provide competitive executions at favorable transaction costs for Clients.

Walnut Grove places transactions with a broker-dealer that (i) provides Walnut Grove with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to Walnut Grove, if otherwise consistent with seeking best execution; provided Walnut Grove is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

While Walnut Grove has not done so to date, it may also select a broker-dealer in consideration of such parties' provision or payment of brokerage or research services (i.e. "soft dollars"). If and when Walnut Grove begins using soft dollar products or services, it will adopt and disclose policies and procedures related to such activity.

Walnut Grove does not permit any investor in Walnut Grove Partners, LP to direct brokerage arrangements.

With regards to the Marked Tree Funds: During the commitment period all suitable investment opportunities are first offered to the Marked Tree vehicles on a pro rata basis in accordance with their respective commitments at the time of the allocation with the Marked Tree Partners Holdings, LP being offered first at least 50% of any investment opportunity that is suitable for the Marked Tree Funds.

Following the end of the commitment period any investment opportunities for follow-on investments are allocated on a pro rata basis among the Marked Tree Funds that participated in the original investment in accordance with their respective percentage interests in the original Investment to which such follow-on investment relates.

If an investment opportunity is being allocated to both Marked Tree Funds, generally, the investment is made at the same time and on the same terms and conditions, and is disposed of at the same time and on the same terms and conditions unless the Marked Tree Partners Holdings LP is permitted to hold an investment after the Market Tree Partners I, LP has exited from such investment.

With regards to Marked Tree SSI Co-Invest, LP the portfolio investments are acquired by way of a “sell down” directly or indirectly from the Marked Tree Funds. Subject to legal, tax, regulatory, accounting or other similar considerations as Walnut Grove or its affiliate may determine in their discretion, the Adviser causes Marked Tree SSI Co-Invest, LP’s interests in the portfolio companies (i) to be on substantially the same terms as, and (ii) to be treated on a *pari passu* basis with, in each case, the corresponding Marked Tree Fund investment.

The specific manner in which Walnut Grove and its affiliates allocate investment opportunities to its Clients is established and described in greater detail in the Governing Documents of the relevant Client. Investors should refer to these Governing Documents for a complete understanding of how Walnut Grove and its affiliates allocate investment opportunities. The information contained herein is a summary only and is qualified in its entirety by such documents.

ITEM 13

REVIEW OF ACCOUNTS

Each Fund’s investment committee reviews the Fund’s investments on a periodic basis and monitors the Fund’s portfolio in connection with its investment objectives.

Investors in the Funds receive unaudited capital account statements from the Fund’s independent administrator on a monthly or quarterly basis depending on the Fund’s governing documents. Walnut Grove also provides written quarterly, semi-annual and year-end letters or reports documenting performance. All investors receive annual audited financial statements within 120 days of each Fund’s fiscal year end.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

Walnut Grove does not receive an economic benefit from non-clients for providing investment advice or other advisory services.

The Adviser has not entered into any agreement with the Placement Agents.

ITEM 15
CUSTODY

Walnut Grove maintains the assets of the Funds with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act. However, Walnut Grove is deemed to have custody of the assets of the Fund investors because, as the general partner of the Funds, it has the authority to deduct advisory fees and expenses from the Funds.

Walnut Grove is subject to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”) with respect to the Funds. Walnut Grove complies with the Custody Rule by having the Funds audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and distributing a copy of each Fund’s audited financial statements to all Fund investors within 120 days of the end of the Fund’s fiscal year.

Walnut Grove does not have custody of the assets of any other client other than the Funds.

ITEM 16
INVESTMENT DISCRETION

With respect to its Clients, Walnut Grove has discretionary authority to manage these Client accounts, and is authorized to make purchase and sale decisions for them, subject to their respective investment objectives and guidelines as set forth in their respective Governing Documents. As explained in Item 4C above, individual Fund investors do not have the ability to impose limitations on Walnut Grove’s discretionary authority.

ITEM 17
VOTING CLIENT SECURITIES

Walnut Grove has adopted proxy voting policies and procedures (the “**Proxy Voting Policy**”) to address how it will vote proxies for its Clients where it has been given voting authority.

The Proxy Voting Policy is designed to ensure that Walnut Grove complies with the requirements under SEC Rule 206(4)-6 and SEC Rule 204-2 adopted under the Advisers Act, and fulfills its obligation thereunder with respect to proxy voting, disclosure and recordkeeping.

Walnut Grove believes that the voting of proxies is an important part of portfolio management for its Clients as it provides the Client the opportunity to be heard and influence the direction of a company. Walnut Grove is committed to voting proxies in a manner consistent with the best interests of its Clients without undue influence from individuals or groups who may have any economic interest in the outcome of a proxy vote. Recognizing that the investment strategies of Walnut Grove's Clients require careful analysis of all matters subject to shareholder vote, it is Walnut Grove's policy to vote proxies of public and private operating companies on a case-by-case basis in accordance with the strategic goals of the investment as determined by Walnut Grove in its sole discretion. Proxy proposals received by Walnut Grove will be thoroughly reviewed by senior management who will document the basis for its voting decisions.

In certain circumstances Walnut Grove may elect not to vote proxies, such as (i) where Walnut Grove believes that not voting the proxy is in accordance with the strategic goals of the investment, (ii) where Walnut Grove deems the cost of voting would exceed any anticipated benefit to the Client, (iii) where the proxy is received for a Client account that has been terminated, or (iv) where a proxy is received for a security Walnut Grove no longer manages on behalf of a Client.

Walnut Grove and/or its employees may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships with persons having an interest in the outcome of certain votes, or with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers, or candidates for directorships.

In the case of a potential or actual conflict of interest relating to a particular proxy proposal, the Client will be notified and Walnut Grove will cause the proxy to be voted in accordance with the Client's instructions. In the case of the Funds, the proxy voting committee will carefully consider the conflict of interest prior to deciding how the proxy proposal should be voted and may determine that a member of the proxy voting committee who has the conflict be recused from the deliberations as to how to vote a proxy on a case-by-case basis.

Clients and Investors may obtain a copy of the proxy voting policy and information regarding how Walnut Grove voted their securities upon written request to Walnut Grove.

ITEM 18

FINANCIAL INFORMATION

Walnut Grove does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance, 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.