

Item 1. Cover Page

Acorn Capital Advisors, LLC

420 Lexington Avenue, Suite 2626
New York, NY 10107
(917) 940-2732

Part 2A of Form ADV: Firm Brochure
March 2024

This Brochure provides information about the qualifications and business practices of Acorn Capital Advisors, LLC (“Acorn” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at (917) 940-2732. 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 Acorn Capital Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Acorn Capital Advisor, LLC’s CRD number is 304164.

An investment adviser's registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This document represents an update to Acorn's most recent Firm Brochure, filed in March, 2023. There are no material changes to the Firm that require reporting in this Item.

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Item 4. Advisory Fee Business

Description of Advisory Firm and Principal Owners.

Acorn Capital Advisors, LLC (the “Firm” or “Acorn”), based in New York, NY, was formed in 2017 by Anders Hove. Mr. Hove retains 99.9% ownership in the firm and 100% ownership of its affiliate, Acorn Capital Advisors GP, LLC, the General Partner to the firm’s private fund clients.

Acorn provides investment advisory services for the investment of private capital in pooled investment vehicles, Acorn Bioventures, LP and Acorn Bioventures 2, LP (collectively, the “Funds”), which are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Firm’s advisory clients are the Funds, both limited partnerships formed in Delaware, and an affiliate of Acorn serve as the General Partner. The limited partners of the Funds are either accredited or qualified investors, and limited partners of the Funds are referred to in this Firm Brochure as “investors” or “limited partners”.

Type of Advisory Services.

Acorn provides investment advisory services to the Funds, which operate as healthcare small cap public/private equity investment vehicles, with a focus on the biopharmaceutical sector (“public venture capital”).

The investment strategy seeks to exploit valuation inefficiencies due to differences in investment approach and time horizon from traditional public biotech investors by selectively making concentrated investments in companies which have significant valuation dislocation, often caused by clinical or regulatory issues. The Funds invest the majority of their capital in public securities and will make opportunistic late-stage private investments as well.

Client Tailored Service and Client Imposed Restrictions.

The Firm’s services are designed to achieve the investment objective of the Funds. Acorn will only make investment recommendations that are consistent with the stated objectives, strategy and investment guidelines of the Funds as set forth in the Funds’ private placement memorandum, limited partnership agreements and applicable side letters with limited partners, if any.

Wrap Fee Programs.

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. Acorn does not participate in any wrap fee programs.

Regulatory Assets under Management (“RAUM”).

As of December 31, 2023, Acorn managed approximately \$246,624,703.00 of private Fund client assets, all of which are managed on a discretionary basis.

The RAUM includes the estimated fair market value of the assets, cash on hand, and remaining capital commitments of the Funds as of December 31, 2023.

Item 5. Fees and Compensation

Description of Compensation.

The Firm charges investment advisory fees (“Management Fees”) to the Funds in consideration for its investment advisory services. Management Fees are typically payable quarterly in advance. The Management Fee rate initially shall be 2.0 percent of the aggregate Capital Commitments of the Partners. Commencing with the first complete fiscal quarter following the end of the Commitment Period, the annual Management Fee rate shall be reduced by 0.10 percentage points per year, but shall not in any event be reduced to less than 1.2 percent of the aggregate Capital Commitments of the Partners. Management Fees paid by the Funds are indirectly borne by the investors in the Funds. Some Partners may pay lower fees according to applicable side letters.

In addition, as described in *Item 6 - Performance-Based Fees and Side-by-Side Management*, Acorn or its affiliates has the potential to earn performance-based compensation from the Funds in the form of a carried interest in profits.

Further, pursuant to the governing documents of the Funds, the General Partner, in its discretion, may elect to offer one or more of the limited partners of the Funds the opportunity to co-invest alongside the private Fund client with respect to a particular investment. Management Fees and/or carried interest that may be received by Acorn or its affiliates in connection with co-investment opportunities will be determined on a deal-by-deal basis.

Payment of Fees.

Management fees, if any, are paid quarterly in advance by the Funds. The Funds’ General Partner authorizes and makes payment of the management fee, if any, to Acorn. The calculation of the management fee payable is disclosed to the limited partners in the Funds’ financial statements.

Other Fees and Expenses.

The Funds are responsible for paying its own costs, expenses and liabilities that are incurred or arise out of the business and operations of the Funds. Such costs, expenses and liabilities include but are not limited to: reasonable fees and expenses relating to the evaluation, acquisition, holding and disposition of any investment or potential transaction, insurance, custody, legal, accounting, auditing, consulting, valuation, appraisal, technology, litigation and indemnification costs; taxes, filing and other fees or other governmental charges.

The Firm is responsible for paying its own normal operating overhead expenses, including employee salaries, rent and other expenses incurred in maintaining its place of business (“Acorn Overhead”). Acorn will be reimbursed for all expenses paid for or on behalf of the Funds except for Acorn Overhead.

Payment of Fees in Advance.

Acorn receives Management Fee payments quarterly in advance from the Funds. To the extent that the management agreement is terminated or the Funds are dissolved, the Firm will return any unearned fees or unused fee offsets, if any, as required under the terms of the Funds' limited partnership agreement.

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

The General Partner of the Funds may be entitled to a "carried interest," a share of the profits generated by the Funds. Because of Acorn's relationship with the General Partner of the Funds, the carried interest may be considered performance-based compensation that benefits the Firm. Carried interest payments, if any, are paid pursuant to the Funds' limited partnership agreement. Carried interest payments generally are calculated as a percentage of the gain earned by the Funds from a portfolio investment after returning limited partner capital. Carried interest fees are separately determined for the Funds and are outlined in the Funds' offering documents.

Carried interest payments are governed by the limited partnership agreement for the Funds and are in part dependent upon the valuations of the Funds' portfolio investments, as a whole and individually. The limited partnership agreements govern how securities are to be valued and the valuations of private securities are prepared in conformity with US Generally Accepted Accounting Principles. However, since there is no readily available market pricing for private securities, the valuation methodologies employed involve a significant degree of judgment by the Funds' General Partner and estimated fair values may differ significantly from the values that would have been used had readily available market pricing existed for such investments. Since carried interest distributions are dependent in part on valuations of portfolio investments that have not been sold, this could create an incentive for the Funds' General Partner to use higher valuations. However, this risk is somewhat mitigated because carried interest is only paid on realized investments and there is an obligation by recipients of carried interest payments to return any excess carried interest distributions if actual returns upon final disposition is less than prior valuations.

Additionally, the carried interest could give the Firm or the Funds' General Partner an incentive to make more speculative investments or take more risk than otherwise would be the case. However, this conflict is mitigated by adherence to the Funds' investment guidelines and potential that risk of loss would impact the Funds' performance and carried interest calculation. In addition, the members of the Funds' General Partner are also limited partners in the Funds and, therefore, share the risk of loss.

Item 7. Types of Clients

The Firm provides investment advice and portfolio management services to the Funds. The Funds are related to the Firm because there is majority common ownership and control between Acorn and the General Partners of the Funds. The Funds are closed-end investment partnerships that do not accept additional capital after a stated offering period or offer redemption rights or periodic liquidity to limited partners. The majority of capital held by the Funds' limited partners is attributable to corporate investors; institutional investors, including pension plans and insurance

companies; other pooled investment vehicles; and family offices/high net worth individuals. Acorn may, in the future, manage separate advisory accounts for individual or institutional accounts, as well as provide co-investment opportunities to limited partners directly in an Acorn portfolio investment. With respect to co-investment opportunities, each investor makes an independent decision on whether to invest. Once the initial investment is made, the asset is held until sold or otherwise disposed. As such, since the investor does not receive continuous and regular supervisory or management services, such co-investors are not deemed to be clients.

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

Method of Analysis.

Acorn follows a non-consensus, value-centric methodology supported by fundamental research that covers management team, science, medicine and finance. Included in this approach is a thorough, systematic analysis of technologies and therapeutics integral to the ultimate success of the investment. Significant proprietary financial and clinical investigation underlines the approach, with ongoing support and monitoring of portfolio companies.

Risk of loss.

The Funds seek investment opportunities that offer the possibility of attaining substantial capital appreciation but also involve risk of loss. There can be no possibility of profit without risk of loss. Investing in securities and private companies involves a risk of loss that investors should be prepared to bear. Certain events particular to the industry in which the Funds invest, as well as general economic and political conditions, may have a significant negative impact on the investment's operations and profitability. Such events are beyond Acorn's control, and the likelihood that they may occur cannot be predicted. Furthermore, certain investments are made in private companies for which there are generally no public markets for these securities. The ability of the Funds to liquidate these investments and realize value is subject to significant limitations and uncertainties. Past or projected performance of Acorn investments is not necessarily indicative of future results, and there can be no assurance that projected returns or comparable results will be achieved. Risks specific to the Funds are identified in the Funds' offering documents which are provided to each investor prior to making an investment decision.

Some of the risk factors that apply generally to the Funds and their investors are summarized below:

Lack of Liquidity; Restrictions on Transfer and Withdrawal.

It is not intended there will be near-term cash flow available to investors. Consequently, investment in the Funds by investors requires a long-term commitment, with no certainty of return. The investors' interests in the Funds generally are not registered under any federal or state securities laws and are not freely transferable. There is no public market for the interests, and none is expected to develop. In addition, the interests are not transferable except with the consent of the Funds' General Partners, which it generally may withhold in its sole discretion. Limited partners generally may not withdraw capital from the Funds. Consequently, limited partners may not be able to liquidate their investments prior to the end of the respective Fund's term.

Equity Market Risk.

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of issuers of stocks change. Investing in common stock, or common stock equivalents, of any given issuer, an investor would generally be exposed to greater risk than if the investor held preferred stocks and debt obligations of the issuer as common stockholders get paid last when a company fails.

Competitive Market for Investment Opportunities.

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the Firm will be able to locate and complete investments which satisfy the investment objectives of the Funds or fully invest the committed capital of the Funds. Competition for such investment opportunities could come from other financial investors, and other asset managers and owners. These competitors may have financial, geographic, or strategic advantages that may reduce Acorn's competitiveness and potentially materially and adversely affect its ability to successfully conclude transactions.

Small and Medium Size Companies.

The Firm mainly focuses its investment strategies on small and medium-sized public and private companies. Investments in such companies, while often presenting greater opportunities for growth, may also involve greater risks than are customarily associated with investments in large companies. The profitability and survival of these companies may depend on their ability to access sufficient sources of appropriate financing at attractive rates, which may or may not be available at any particular time. Companies also may face intense competition, changing business or economic conditions or other developments that may adversely impact their performance. Further, there is ordinarily a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult by requiring sales to other private investors. In addition, the relative illiquidity of small- and medium-sized companies could make it difficult for the Funds to react quickly to negative economic or political developments. Lastly, such companies may be new or relatively small participants in their respective industries and may face intense competition from larger companies and entail a greater risk than investment in larger companies.

Financial and Business Risk.

Investments made by the Funds involve a significant degree of financial and/or business risk. The Funds may invest in companies that are believed to be operating below their potential. Some companies, particularly early-stage start-ups, may have inexperienced management teams or lack management depth.

Reliance on Operating Management Teams.

Although Acorn will monitor the performance of portfolio investments, the performance of these companies depends substantially on their management teams on a day-to-day basis. Consequently,

the value of Funds' investments will be affected significantly by the efforts and decisions of operating management teams.

Reliance on Management of Acorn.

The success of the Funds will depend in part on the ability of the Firm to correctly identify and invest in promising companies, and to dispose of investments of the Funds in a manner that maximizes profit. The loss of the services of the professional staff of Acorn providing services to the Funds or companies in which they invest, or related entities could have an adverse impact on the Funds' ability to realize favorable investment results.

Follow-on Investments.

Following the initial commitment to a private company, the Funds may be called upon to provide additional funds or have the opportunity to increase their investment in such company or to fund additional investments through such company. There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all such investments. Any decision not to make follow-on investments or the Funds' inability to make them may have substantial negative impact on the company in need of such investment. In addition, to the extent that the company obtains capital funding through other sources, the Funds' investment may suffer dilution.

Certain Regulatory Considerations.

The Funds intends to make investments in the biotechnology industry, which is subject to regulation by one or more US federal agencies and by various agencies of the states, localities and counties in which they operate. New and existing regulations, changing regulatory schemes, and the burdens of regulatory compliance all may have a material negative impact on the performance of the Funds.

Use of Leverage.

Some of the Funds' investments will be in companies whose capital structures include leverage. Although the Funds' General Partner will seek to use leverage in a prudent and limited manner, the leveraged capital structure of such portfolio companies increases the risk of adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio company or its industry. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. If a company defaults on secured indebtedness, the lender may foreclose and the Funds – if taking an equity position in such company - could lose their entire investment in such company.

General Economic Conditions.

General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. The current global economic and political climate is one of uncertainty. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions, reducing the accuracy of financial

projections. Furthermore, such uncertainty may have an adverse effect upon the companies in which the Funds make investments.

Conflicts of Interest.

Due to the relationship between the Firm and the General Partner of the Funds, there may be occasions in which Acorn and the General Partner will encounter potential conflicts of interest in connection with the Funds. These potential conflicts of interest are discussed in Item 5: Fees and Compensation and Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading and in the offering or governing documents of the Funds.

Risks of Specific Securities Utilized.

Risks specific to the Funds are described more fully in the Funds' offering materials, including any private placement memorandum, limited partnership agreement and subscription materials.

Cybersecurity Risk

The Funds, Acorn, the General Partner, and third-party service providers are all 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 both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons, and security breaches and usage errors by their respective professionals.

A cybersecurity breach could expose the Funds, Acorn, and the General Partner to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity services, identity theft, unauthorized access to and use of proprietary information, litigation, the dissemination of confidential and proprietary information, and reputational damage), civil liability, and regulatory inquiry and/or action. While the Firm has established a business continuity plan and cybersecurity policy including risk management strategies, systems, and policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, and policies and procedures including the possibility that certain risks have not been identified. In addition, since Acorn does not directly control the cybersecurity systems of third-party service providers, there can be no assurance that the cybersecurity practices of these providers will protect the Funds, the Firm, or the General Partner from any potential breaches.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that each investor should be prepared to bear.

Item 9. Disciplinary Information

There are no legal or disciplinary matters that would be material to a client's or prospective client's evaluation of Acorn's advisory business or integrity of the Firm's management team.

Item 10. Other Financial Industry Activities and Affiliations

Registration as a Broker/Dealer or Broker/Dealer Representative.

No Firm employee is a representative of a broker/dealer.

Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

Neither Acorn nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.

Acorn's owner also owns the General Partner but many decisions including investments decisions, decisions regarding capital calls or distributions are shared with another member of the General Partner. However, his relationship presents a potential conflict of interest. The Firm always strives to exercise its good faith judgment in the best interests of the Funds and their limited partners, consistent with its fiduciary duties. In addition, the Funds established Advisory Committees comprised of representatives of limited partners of the Funds. The Firm often consults with the Advisory Committees on matters involving the Funds when a conflict of interest may arise.

Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections.

Acorn does not utilize nor select other advisers or third-party managers.

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

Code of Ethics.

The Firm has adopted a written Code of Ethics which applies to all of its directors, officers, employees, and any person who enters into a significant consulting or other similar relationship with Acorn that is not specifically exempted ("Covered Persons"). The Firm's Code of Ethics requires Covered Persons to serve the best interests of its clients in compliance with its status as a fiduciary, to comply with applicable federal securities laws and to report any violations of the Code of Ethics promptly to the Chief Compliance Officer. Acorn's Code of Ethics includes insider trading policies and procedures. Among other things, each Covered Person must pre-clear certain personal securities transactions and must also provide copies of trade confirmations and periodic account statements, annual securities holdings reports and quarterly securities transactions reports. Employees are prohibited from purchasing securities listed as "restricted securities," and are not permitted to acquire securities in an initial public offering or private placement without prior approval. Additionally, the Firm prohibits any employee from acting upon, misusing or disclosing any material non-public information regarding a public company, or a company about to become public. A full copy of the Acorn Code of Ethics policy is available to investors upon request

Recommendations Involving Material Financial Interests.

Acorn advises the Funds regarding its investments. The Firm, its affiliates and members of its team may have material financial interests in the Funds that generally aligns their interests with limited partners. Although not typical, it is possible that Acorn could have an interest in a company in which the Funds have an investment. Where conflicts may arise, procedures are in place to identify and mitigate the conflict as well as promote the interests of the Funds. Personal financial interests owned by Firm professionals may create the potential for conflicts of interest. As such, employees are required to submit a report of their personal security transactions to the Firm's Chief Compliance Officer on a quarterly basis.

Firm investment professionals or other employees may become aware of non-public information with respect to certain public companies in the course of our business. To avoid any impropriety or appearance of impropriety, the Chief Compliance Officer maintains a list of "restricted securities" that Acorn deems to present the potential for a conflict and our employees are prohibited from trading in such restricted securities.

Investments in Securities Recommended by the Investment Adviser.

Acorn, its affiliates and/or their respective personnel may have a direct or indirect financial interest in the securities and other assets purchased and sold by an investor, including as a result of co-investment and/or carried interest arrangements. These arrangements are intended to align the interests of Acorn's personnel with the third-party investors of the private Funds.

Purchases of Securities by the Investment Adviser and the Private Fund investors at the Same Time.

To the extent the Firm or any related person acquires a direct or indirect interest in the securities and other assets of a private Fund investor through a co-investment, such persons will acquire and dispose of their interests in such securities and other assets at the same time and on the same terms as the private Fund investor, except as otherwise disclosed in the governing documents of the private Fund.

Item 12. Brokerage Practices

Selection of Broker/Dealers.

Acorn maintains a list of brokers ("Approved Broker List") that has been approved for trading securities in the Funds. Only brokers on the Approved Broker List will be considered for a trade.

Broker Selection.

Brokers are selected based on the ability of the broker to provide best execution, as well as their general experience and capacity to execute the block transactions while minimizing total trading costs.

Other relevant Factors.

Acorn considers other circumstances such as the size of the trade, timing of the execution, level of technology and firm infrastructure in selecting brokers for the execution of trades.

Research and Other Soft-Dollar Benefits.

Acorn does not participate in soft dollar arrangements.

Brokerage for Client Referrals.

The Firm does not receive referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

Clients Directing Which Broker/Dealer/Custodian to Use.

The Funds do not require the use of a specific broker-dealer to execute transactions. If needed, Acorn would evaluate and choose a broker based on the best interests of the Funds.

Item 13. Review of Accounts

Monitoring of Accounts.

Acorn is responsible for reviewing and monitoring the Funds' investments on an ongoing basis, as well as identifying, evaluating, structuring and negotiating investments, overseeing the ongoing management of the investments and for management or oversight of financings, recapitalizations and dispositions. Additionally, the investment valuations and financial statements of the Funds are reviewed at least quarterly by Acorn. Finally, the Funds are periodically reviewed to ensure that investments are consistent with investment guidelines and risk tolerance levels.

B. Review Triggers.

The Firm monitors each Fund investor's performance and investments on an ongoing basis.

C. Reports to Clients.

Reports are prepared and furnished to investors in the Funds in accordance with the governing documents of the Funds. Generally, each investor in the Funds is furnished (1) on a quarterly basis, unaudited financial statements and summary information with respect to the Fund in which the investor is invested, and (2) on an annual basis, audited financial statements, summary information with respect to the Fund in which the investor is invested, and information to enable such investor to complete its U.S. federal income tax return with respect to such investor's investment in the Fund.

Item 14. Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties for Advice Rendered to Clients.

Acorn does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to the Funds.

Compensation to Non-Advisory Personnel for Client Referrals.

The Firm or a Firm affiliate may periodically enter into placement agreements with unaffiliated third-party placement agents to facilitate fundraising efforts related to the Funds. Such agreements will be with U.S. broker-dealers that are registered with the SEC and are members of FINRA, and provide for compensation to the placement agent that is generally based on a percentage of commitments received by the respective Fund. These agreements will be disclosed in the respective Fund's private placement memorandum as well as Form ADV Part 1, which is on file with the SEC.

All agreements with broker dealers must be reviewed by the CCO and will be entered into in accordance with the Investment Advisers Act Marketing Rule, including the following:

- (i) a description of the solicitation activities and the related compensation, and
- (ii) confirmation that the solicitor will act in accordance with the Firm's instructions and the requirements of the Advisers Act and rules thereunder.

Acorn must clearly and prominently disclose, or reasonably believe that the solicitor discloses, at the time of the solicitation, whether the solicitor is a client or private fund investor, a description of the compensation provided or to be provided, directly or indirectly, to the solicitor and a description of the "material" conflicts of interest on the part of the solicitor resulting from the adviser's relationship with such person and any compensation arrangement.

If cash compensation is provided to a broker dealer, the amount must be identified. If the compensation takes the form of a percentage of the total advisory fee over a period of time, the percentage and time period must be disclosed. For non-cash compensation, if the value of the non-cash compensation is readily ascertainable, this amount must be disclosed.

Under no circumstances will a Fund investor pay any additional management or performance-based fee, as a result of being referred by a broker dealer, as compared with any other Fund investor that was not referred by a broker dealer.

Item 15. Custody

The Firm or a Firm affiliate may have, or may be deemed to have, custody (within the meaning of Rule 206(4)-2 under the Advisers Act) of certain of the funds and securities of the Funds' investors. Acorn has retained a qualified custodian to hold any funds and securities of the Funds to the extent required by applicable law. Each investor in a Fund receives, within 120 days of the end of the

fiscal year of such Fund, audited financial statements that comply with Rule 206(4)-2(b)(4) under the Advisers Act. In compliance with current law and SEC guidance, the qualified custodian will hold securities that are privately-offered, uncertificated securities transferable only with the prior consent of the issuer thereof or securities that are privately-offered certificated securities and the certificate of the security can only be used to effect a transfer with the prior consent of the issuer or holders of the outstanding securities; ownership of the security is recorded on the books of the issuer; there is a legend restricting transfer; and the certificate can be replaced upon loss or destruction. The Firm maintains appropriate safeguards with respect to privately-offered certificated securities by having their attorneys hold the certificates in a secure place.

Item 16. Investment Discretion

The Firm provides investment advisory services to the Funds on a discretionary basis. Prior to assuming full discretion in managing the Funds' assets, the Firm entered into an investment management agreement with each Fund that sets forth the scope of the Firm's discretion.

Unless otherwise instructed, the Firm has the authority to determine (1) the securities to be purchased and sold for the Funds (subject to restrictions on its activities set forth in the investment management agreement of the Funds), and (2) the amount of securities to be purchased or sold for the Funds.

Item 17. Voting Client Securities

If and when such voting practices occur, it is the Firm's policy to cast all proxy votes in the best interests of the Funds and their limited partners and in a manner consistent with the investment objectives of the Funds.

Item 18. Financial Information

Acorn does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to private Fund investors, and it has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements of State-Registered Advisers

Not applicable.