



# **BOSUN**

## **ASSET MANAGEMENT**

**Bosun Asset Management, LLC  
455 North City Front Plaza, Suite 2025  
Chicago, Illinois 60611**

**Form ADV Part 2A  
March 29, 2024  
Item 1 - Cover Page**

This brochure ("Brochure") provides information about the qualifications and business practices of Bosun Asset Management, LLC ("Bosun Asset Management" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to Bosun Asset Management as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or limited partnership interests in any of the investment funds sponsored, managed, or advised by Bosun Asset Management. An offer of such funds can only be made through the offering materials for the relevant investment fund and only in jurisdictions in which such an offer would be lawful.

If you have any questions about the contents of this Brochure, please contact us at 301-968-2450 or by email at [jnolan@bosunam.com](mailto:jnolan@bosunam.com). Additional information about Bosun Asset Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Summary of Material Changes**

---

The following is a list of material changes made to this Brochure since the Firm's previous filing on March 24, 2022.

- Item 4 was amended to reflect our assets under management as of December 31, 2023.

Investors are encouraged to review this updated brochure in its entirety.

### Item 3 - Table of Contents

---

Item #	Page #
Item 1 - Cover Page .....	1
Item 2 - Summary of Material Changes .....	3
Item 3 - Table of Contents .....	4
Item 4 - Advisory Business .....	5
Item 5 - Fees and Compensation .....	6
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 .....	16
Item 10 - Other Financial Industry Activities and Affiliations .....	17
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	17
Item 12 - Brokerage Practices .....	17
Item 13 - Review of Accounts .....	18
Item 14 - Client Referrals and Other Compensation .....	19
Item 15 - Custody .....	19
Item 16 - Investment Discretion .....	20
Item 17 - Voting Client Securities .....	20
Item 18 - Financial Information .....	20

## Item 4 - Advisory Business

---

Bosun Asset Management, LLC (“Bosun Asset Management,” the “Firm,” “we,” “us,” or “our”) is a Delaware limited liability company that was formed 2023 and is principally directly or indirectly owned by Michael Rapelyea by and through Hempstead Holdings, LLC, a Delaware limited liability company. The Firm’s principal place of business is located in Chicago, Illinois. Bosun Asset Management provides discretionary investment advice to separately managed accounts (“SMAs”) and one or more pooled investment vehicles structured as private funds (“Fund(s)”). Bosun Asset Management also provides personalized investment programs to help high-net-worth-individuals, trusts and estates, foundations, and charitable organizations (each, an “Advisory Client,” collectively with SMAs and Funds, “Clients”) reach their life and financial goals.

All discussions of Clients in this brochure, including but not limited to their investments, the strategies used in managing Clients, the fees and other costs associated with an investing with us, and conflicts of interest we face in connection with management of certain Clients, are qualified in their entirety by reference to each Client’s respective offering memorandum, subscription agreement, advisory agreement (or equivalent), or other governing documents, as applicable (collectively, “Governing Documents”). Any defined terms used in this Brochure not otherwise defined herein, have the definition ascribed to them in the relevant Governing Documents.

Bosun Asset Management is an asset management firm that seeks to specialize in developing and implementing innovative, bespoke trading strategies primarily focused on equities in an effort to generate income and enhance investment returns for our Clients. We believe that experience is key, and that active management can reduce the risk of capping upside performance of portfolio holdings. We seek to manage options positions dynamically, balancing risk and opportunity, in our endeavor to unlock untapped value for our Clients.

With respect to each Fund that we manage, we tailor our investment advisory services to the strategies and conditions set forth in the Fund’s respective Governing Document(s) rather than to the individual needs of any Fund’s underlying investors (“Investors”). It should be noted that as a general matter, in the context of any Fund, we do not tailor our services to take into account any specific conditions of any Investor, and Investors generally may not prescribe additional investment restrictions beyond those described in the applicable Governing Documents.

With respect to SMAs, we provide and tailor our investment advisory services pursuant to a duly executed investment advisory agreement or equivalent after discussing their specific needs or desires, investment goals, parameters, restrictions, experience with investing, our understanding of their financial background, and various other factors.

With respect to Advisory Clients, we provide investment advisory services on either a discretionary or non-discretionary basis as described in the respective Advisory Client’s Governing Documents.

*Discretionary Advisory Services.* Bosun Asset Management will act as your investment adviser and provide you with discretionary investment management and continuous and regular supervision of the assets and accounts indicated as discretionary accounts in your Governing Documents. With respect to discretionary accounts, the Firm will direct and manage the investment and reinvestment of all assets in the discretionary accounts, the proceeds thereof and any additions thereto on a discretionary basis in a broad range of assets including listed equities, fixed income instruments, mutual funds, exchange-traded funds (“ETFs”) and closed-end funds. Where appropriate, Bosun Asset Management will allocate assets of the discretionary accounts to third-party advisers and investment vehicles managed by affiliates of the Firm. Bosun Asset Management maintains discretionary authority to conduct transactions and take investment action deemed appropriate in accordance with the investment objectives and restrictions included in the Governing Documents.

*Non-Discretionary Advisory Services.* Bosun Asset Management will act as your investment adviser and provide you with non-discretionary investment management and continuous and regular supervision of the assets and accounts indicated as non-discretionary accounts in your Governing Documents. With respect to non-discretionary accounts, the Firm will provide recommended investments and weightings, including general investment recommendations regarding the Advisory Client’s overall asset class allocations. Bosun Asset Management does not have authority to execute transactions with respect to assets in the non-discretionary accounts.

As of December 31, 2023, we managed approximately \$163,913,958 regulatory assets under management, \$111,181,931 on a discretionary basis and \$52,732,027 on a non-discretionary basis.

## Item 5 - Fees and Compensation

### Separately Managed Accounts

In connection with our SMAs, we are generally compensated on the basis of fees calculated as a percentage of total assets under management, taking into account the number of positions managed per SMA. Subject to the terms of the applicable Governing Documents, such fees are generally charged monthly in arrears, based on the month-end value of assets, and are automatically deducted pursuant to Client authorization. The fees below represent the typical advisory fees charged to our SMAs who custody their assets we manage at Northern Trust. Such advisory fees are not all-inclusive, and Clients may be charged other fees for additional services.

#### Annual Fee Schedule for Actively Managed Covered Call Strategy, Using American Style Listed Options On Securities Custodied in Northern Trust Securities Accounts

		Portfolio Value		
		\$2,000,000 - \$5,000,000	\$5,000,000 - \$15,000,000	Over \$15,000,000
Number of Positions Managed Per Account	1 - 3	1.75%	1.50%	1.25%
	4 – 10	2.00%	1.75%	1.50%
	11 +	2.50%	2.25%	2.00%

We reserve the right to reduce, waive, or negotiate our advisory fees at our discretion. Prospective Clients are advised that the fees shown above will likely vary depending on the custodians they use, and are for reference only if they wish to custody their assets under our management with another custodian. Bosun Asset Management is independently operated and owned and is not affiliated with any custodian or other broker-dealer.

SMA Clients can generally terminate their agreement(s) with us with written notice. Upon termination, any fees paid in advance will be prorated to the date of termination, and any excess shall be refunded. Clients will incur brokerage and other transaction costs; please see Item 12 for additional information regarding our brokerage practices.

### Private Funds

In connection with our Funds, subject to the terms of the applicable Governing Documents, we or an affiliate serving as the Managing Member—or equivalent—of a Fund (“Managing Member”) receives management fees in connection with the services we provide the Funds (“Private Fund Fees”). Notwithstanding the foregoing, in general, Investors are subject to a management fee ranging between 1.40-1.80%. We may waive or reduce all or any portion of the Private Fund Fees with respect to any Investor or Fund.

Subject to the terms of the applicable Governing documents, in addition to the Private Fund Fees, each Fund bears all of its Organizational Expenses and operating expenses, including: brokerage commissions, clearing and settlement charges, custodial fees and other charges for transactions in securities, commodities and other instruments and investments; governmental and regulatory charges; licensing costs; audit fees; valuation; financing; investment related research and expenses (including, without limitation, news, information, research and quotation equipment, hardware, software and services, and all computer hardware and software used primarily for investment purposes which benefit the Fund and the Managing Member); professional and consulting expenses associated with an investment or proposed investment, whether or not such investment is consummated (including reasonable travel and lodging and other similar fixed costs related to such investment); initial and recurring costs associated with trade order management systems, risk management systems, portfolio accounting systems and other similar systems; interest and fees on margin accounts, derivative products or other indebtedness, bank service fees and custodial fees and expenses; administrative fees and expenses; reporting expenses; taxes; interest; legal, compliance, regulatory, accounting, tax preparation and other professional fees, including with respect to filing Form PF; expenses associated with the offer and sale of the Interests, including mailing and reproducing the Memorandum, any amendments thereto and other communications with Members; costs and expenses related to obtaining insurance covering the Fund; expenses incurred in connection with any threatened, pending or

anticipated litigation, examination or proceeding; all expenses incurred as a result of the Fund's obligation to indemnify the Managing Member, the Administrator, their affiliates and certain other parties (including, but not limited to, nominees proposed as directors by the Managing Member of a portfolio company) against losses, liabilities and expenses incurred in connection with the performance of their duties on behalf of, or the provision of services to, the Fund; all other expenses and liabilities incurred in connection with or arising out of its business, including extraordinary or non-recurring charges; and reimbursements due to the Managing Member for all such costs and expenses, if any on behalf of the Fund.

### **Advisory Clients**

In connection with the discretionary and non-discretionary advisory services provided to Advisory Clients, subject to the terms of the applicable Governing Documents, we are generally compensated on the basis of fees calculated as a percentage of total assets under management for discretionary advisory services and as a set fee for non-discretionary advisory services. Fees are due in quarterly installments in arrears, discretionary advisory service fees are based upon the market value of the assets in the discretionary account(s) on the last business day of the calendar quarter. Fees for any portion of less than a quarter shall be prorated appropriately. The custodian will generally determine the market value of investments in the discretionary account(s). If the custodian is unable to determine a market value for an investment, Bosun Asset Management will provide a fair valuation.

In addition to the Firm's advisory fee, Advisory Clients may also incur certain charges imposed by affiliated and unaffiliated third parties. Such charges may include, but are not limited to, custodial fees, pricing fees, brokerage commissions, transaction fees, charges and fees imposed directly by a mutual fund, index fund, or ETF as detailed in the fund's prospectus, fees and expenses of a private fund as disclosed in the applicable offering documents, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. A conflict of interest exists to the extent the funds and other investments recommended or purchased for your account are managed by Bosun Asset Management or its affiliates. To the extent permitted by applicable law, Bosun Asset Management and its affiliates may earn fees in addition to and separate from the Firm's advisory fee. Additional information regarding these conflicts are included in Item 10 "Other Financial Industry Activities and Affiliations" and Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading" below.

Please see Item 12 "Brokerage Practices" below for a description of the factors that we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their brokerage fees.

### **Portfolio Management Services**

Bosun Asset Management provides products and strategies to clients with portfolios over \$25,000,000 assets under management at annual rates generally between 0.05% and 1.0% depending on the amount of assets under management and the complexity of the program.

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

---

We do not charge any performance-based fees.

In some cases, the Firm manages Clients in the same or similar strategies. This may give rise to potential conflicts of interest if the Clients have, among other things, different objectives or fees. For example, potential conflicts may arise in the following areas: Client orders do not get fully executed; trades may get executed for one Client that may adversely impact the value of securities held by another Client; there will be cases where certain Clients receive an allocation of an investment opportunity when other Clients may not; and/or trading and securities selected for a particular Client may cause differences in the performance of different Clients that have similar strategies.

The Firm has adopted written policies and procedures designed to treat Clients equitably regardless of the fee arrangement. In addition, we have adopted trading practices designed to address potential conflicts of interest inherent in Client discretionary trading. During periods of unusual market conditions, the Firm may deviate from its normal trade allocation practices. There can be no assurance, however, that all conflicts have been addressed in all situations.

From time to time, certain Clients may invest in limited investment opportunities. The allocation of these investments across Client portfolios is generally not executed on a pro rata basis as a number of factors will determine whether the limited offering is appropriate or suitable for a Client. Accordingly, such opportunities may be allocated based on another approach, including random selection, selection based on account size or another methodology. Factors which may impact the allocation, include but are not limited to: account size, liquidity, investor qualification and risk tolerance. We note that limited investment opportunities may not be appropriate for smaller accounts, depending on factors such as minimum investment size, account size, risk and diversification requirements, and accordingly may not be allocated such investments.

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

---

We provide investment advice to our Clients, which include the Funds, SMAs, and Advisory Clients. Our SMA Clients generally include individuals and/or entities, such as high net worth individuals, corporations and other businesses, foundations, and trusts. Beginning an investment advisory relationship with us is typically subject to a minimum of \$2,000,000, which we may waive or reduce at our sole discretion.

Investors in the Funds are generally subject to a minimum investment amount of \$500,000 but we may waive this minimum at our sole discretion depending on the terms of the applicable Governing Documents. Notwithstanding the foregoing, we encourage Investors to refer to the relevant Governing Documents for more information on eligibility and the specific minimum investment amount for each Fund we manage.

Our Advisory Clients generally include high-net-worth-individuals, trusts and estates, foundations, and charitable organizations. Discretionary and non-discretionary advisory services are generally subject to a minimum of \$2,000,000, which we may waive or reduce at our sole discretion. In addition, certain sub-advisers may impose more restrictive account requirements and varying billing practices than us. In such instances, we may alter our corresponding account requirements and/or billing practices to accommodate those of the sub-adviser(s).

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

---

As discussed above in Item 4, we seek to specialize in developing and implementing innovative, trading strategies primarily focused on equities and exchange listed options for our Clients in an effort to generate income and enhance investment returns. The following is a general discussion of the methods of analysis, investment strategies and the risks of loss associated with the investment advice we provide our Clients. These risk factors may change over time. Please see the applicable Governing Documents for a more complete discussion of the fees, strategies, and risks related to investing with us.

For Advisory Clients, the Firm constructs portfolios using a mix of individual stocks, fixed income instruments, ETFs, exchange-traded notes, closed-end funds, mutual funds, exchange-traded options, and alternative investments. The Firm will manage Advisory Client assets through the direct purchase of securities, by allocating to sub-advisers and/or by investing in a variety of investment vehicles, including investment vehicles managed by affiliates of the Firm. Each Advisory Client's asset allocation is determined by their specific objectives, restrictions, and unique circumstances. Bosun Asset Management generally employs a conservative long-term asset allocation and investment strategy for Advisory Clients. The Firm's investment approach begins with a clear and thorough understanding of each Advisory Client's objectives, time horizon, risk profile, income needs and other considerations. We utilize a long-term strategy when providing and implementing our advice. However, should an Advisory Client's situation change or the basis for making an investment change, there are occasions where we will utilize a short-term strategy and securities are held for shorter time frames.

Although we believe that our investment program(s) should mitigate the risk of loss through careful selection and monitoring of Client investments, an investment is nonetheless subject to loss, including possible loss of the entire amount invested. No guarantee or representation is made that any investment will be successful, and the investment results will vary, perhaps substantially, over time. All investments in securities and other financial instruments, including an investment in a Fund, involve substantial risk of volatility arising from any number of factors that are beyond our control. Legal, tax, and regulatory changes could occur which in certain cases materially adversely affect the ability of a Client to pursue its investment strategies or achieve its investment objective. There can be no assurance that any Client, including any Fund,



will achieve its objectives or that any Client will not incur losses. Clients and Investors must be prepared to lose all or substantially all of their investment with us.

An investment in a Fund is a highly speculative investment and is not intended as a complete investment program, and is designed only for sophisticated persons who are able to risk losing their investment in the Fund and who have limited need for liquidity. In addition to the general risks provided herein, there are additional material risks associated with certain strategies or Funds. Please refer to the relevant Governing Documents for more information regarding risk factors for a particular Fund or Client.

### **Market Risks**

**Risk of Loss.** Investing with us is speculative and involves significant risk. The profitability of a Client's investments depends on us correctly assessing the future price movements of the securities and other financial instruments in which the Client invests. These price movements may be volatile and are subject to numerous factors that are neither within the control of nor predictable by us. Such factors include, without limitation, a wide range of economic, political, competitive, market, legal, operational, and other conditions or events (including, without limitation, natural disasters, acts of terrorism or war) which may affect investments in general or a specific security or other financial instrument in which the Client invests. There can be no assurance that we will be successful in accurately predicting price movements. Accordingly, Clients and Investors may incur substantial losses on their investments with us, and it is possible that the Client's performance will fluctuate substantially from period to period.

**Competition.** The securities industry, the various markets in which we participate, and the varied strategies and techniques engaged in by us are typically extremely competitive and each involves a high degree of risk. We and our Clients compete with firms, including, without limitation, many of the larger securities and investment banking firms, which have substantially greater financial resources and larger research staffs and more traders than us, which may place a Client at a competitive disadvantage.

**Market Volatility.** The profitability of a Client's investments with us depends upon us correctly assessing the future price movements of stocks, bonds, options on stocks, other securities, currencies, regulated futures contracts and other commodities and the movements of interest rates. There can be no assurance that we will be successful in accurately predicting price and interest rate movements.

**Pandemic Risks.** An outbreak of disease or similar public health threat, or fear of such an event could have a material adverse impact on a Client's results, in general. In addition, outbreaks of disease could result in increased government restrictions and regulation, including quarantines, which could adversely affect a Client. In December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern" and a pandemic. The U.S. government also implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. As of the date of this Brochure, the COVID-19 pandemic has significantly and negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on a Client's financial performance, including the Client's ability to execute its investment strategy in the expected time frame, will depend on future developments, including the duration and spread of the pandemic and the impact of the pandemic on local, national and global financial markets, all of which are uncertain and cannot be predicted. An extended period of global supply chain and economic disruption could materially affect a Client's returns.

**Government Economic Interventions.** In response to turmoil in the financial markets beginning in 2020 following the COVID-19 pandemic, the U.S. Government, Federal Reserve, U.S. Treasury and other governmental and regulatory bodies have taken a number of actions designed to stabilize the financial markets, including the enactment of the Families First Coronavirus Response Act and the Coronavirus Aid, Relief and Economic Security Act, both of which are sweeping stimulus bills intended to bolster the U.S. economy and provide emergency assistance to qualifying businesses and individuals.

There can be no assurance that, in the long term, these actions will improve the efficiency and stability of U.S. financial markets. To the extent the financial markets do not respond favorably to any of these actions or such actions do not function as intended, a Client's financial performance may be harmed. In addition, because the programs are designed, in part, to improve the markets for certain of a Client's target assets, the establishment of these programs may result in increased competition for attractive opportunities in the Fund's target assets or, in the case of government-backed

refinancing and modification programs, may have the effect of reducing the revenues associated with certain of the Fund's target assets. Such policy changes may expose financial markets to heightened volatility and may reduce liquidity for certain Client investments, which could cause the value of a Client's investments and net asset value to decline. The U.S. Government, the Federal Reserve, the U.S. Treasury, and other governmental and regulatory bodies may take additional actions in the future to address the financial crisis and stimulate the economic recovery. Bosun Asset Management cannot predict whether or when such actions may occur, and such actions could have an adverse effect on a Client.

Counterparty Creditworthiness and Risk. From time to time, certain Clients often deal in securities and other financial instruments that involve counterparties. Further, we may not be required to evaluate the creditworthiness of a counterparty. Under certain conditions, a counterparty to a transaction could default or the market for certain securities and/or financial instruments may become illiquid. In addition, a Client could suffer losses if there were a default or bankruptcy by certain other third parties, including, without limitation, brokerage firms and banks with which the Fund does business, or to which securities have been entrusted for custodial purposes.

Liquidity Risk. Liquidity is the ability to readily convert an investment into cash. The less liquid an asset is, the greater the risk that, if circumstances require an investor to sell the asset quickly, it will be sold at a price below fair value. Generally, an asset is more liquid if it represents a standardized product or security and there are many traders interested in making a market in that product or security. For example, Treasury bills are highly liquid, while real estate properties are not.

Failure of Brokerage Firms. U.S.-registered broker dealers which may carry the accounts of a Client generally segregate all customer funds to be allocated to listed securities trading in compliance with SEC and FINRA regulations. If such assets were not so segregated, a Client would be subject to the risk of the failure of the broker. Even given proper segregation, in the event of the insolvency of the broker, a Client may be subject to a risk of loss of its funds and may be able to recover only a *pro rata* share (together with all other securities customers of such broker) of assets, such as U.S. Treasury bills, specifically traceable to a Client's account. In broker insolvencies, customers have, in fact, been unable to recover from the broker's estate the full amount of their "customer" funds. In addition, under certain circumstances, such as the inability of another client of the broker or the broker itself to satisfy substantial deficiencies in such other client's account, a customer (including a Client) may be subject to a risk of loss of its funds on deposit with a broker dealer, even if such funds are properly segregated. In the case of any such bankruptcy or loss, a Client might recover, even in respect of property specifically traceable to it, only a *pro rata* share of all property available for distribution to all of the broker's clients. Clients may trade with or hold accounts at foreign broker dealers registered under the laws and regulations of other countries. Such brokers and/or dealers may not be subject to the same or similar customer fund regulations (including, without limitation, customer segregation requirements) as those existing in the United States. Further, certain Clients are subject to additional risks where it is a party to a securities lending arrangement and the counterparty to the arrangement becomes insolvent and/or defaults on its obligations, including, without limitation, the risk that collateral will not be returned and/or repurchased or the Client will not be permitted to exercise its remedies in accordance with the provisions of the relevant securities lending agreement.

Electronic Trading Facilities. Certain Clients in its trading activities, may, at the discretion of Bosun Asset Management, make use of electronic trading and/or communication networks. Most electronic trading facilities are supported by computer- (including internet) based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Trading on an electronic trading system may differ not only from trading in an open-outcry market or telephonic market but also from trading on other electronic trading systems. Certain Clients, in undertaking transactions on an electronic trading system, will be exposed to risk associated with the system, including the failure of hardware and software. The result of any system failure may be that a trade order is either not executed according to its instructions or is not executed at all. Such Client's ability to limit or recover certain losses may be subject to limits on liability imposed by, without limitation, foreign or domestic law or regulation, the Client's own or its brokers' internet service provider, other systems providers, market factors, foreign or domestic banking or other market regulations, and/or telephonic or other communications providers.

Systemic Risk. World events and/or the activities of one or more large participants in the financial markets and/or other events or activities of others could result in a temporary systemic breakdown in the normal operation of financial markets.

Such events could result in Bosun Asset Management losing substantial value caused predominantly by liquidity and counterparty issues (as noted above), which could result in a Client incurring substantial losses.

General Economic Conditions. The success of any investment activity is affected by general economic conditions, which include the level and volatility of interest rates, credit spreads and equity valuations and the extent and timing of investor participation in the markets for both equities and interest-sensitive instruments. Unexpected volatility or illiquidity in the markets in which a Client holds positions could cause a Client to incur losses.

Systems Risk and Cybersecurity. Bosun Asset Management relies extensively on computer programs and systems (and may rely on new systems and technology in the future) for various purposes, including trading, clearing, and settling transactions, evaluating investments, monitoring portfolios and generating risk management and other reports. Certain of Bosun Asset Management operations are dependent on systems operated by third parties, including prime brokers, administrators, market counterparties and their sub-custodians and service providers. Notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems.

### **Investment Risk**

Equity Risk. Stocks are susceptible to fluctuations and to the volatile increases and decreases in value as their issuer's confidence in or perceptions of the market change. Investors holding common stock of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.

Company Risk. There is always a level of company or industry risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company will perform poorly or that its value will be reduced based on factors specific to it or its industry.

Small- and Medium-Capitalization Companies. Depending on the strategy, the Firm invests assets in the stocks of companies with small- to medium-sized market capitalizations. While the Firm believes they often provide significant profit opportunities, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks, and the risk of bankruptcy or insolvency of many smaller companies is higher than for larger "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks are likely illiquid.

Fixed Income Risk. Investing in bonds and other fixed income instruments involves the risk that the issuer will default on the instrument and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk. The fixed income instruments purchased by a Client are subject to the risk that market values of such securities will decline as interest rates increase. These changes in interest rates have a more pronounced effect on securities with longer durations. Fixed income instruments are also subject to reinvestment risk in that if interest rates are falling during a period of reinvestment returns will be lower. Interest rate risk increases as portfolio duration increases. Reinvestment risk increases as portfolio duration decreases.

Non-Investment Grade Bonds. Depending on the strategy, a Client will invest in bonds (commonly known as "junk bonds") that are of below investment grade quality (rated below Baa3 by Moody's Investors Service, Inc. or below BBB- by Standard & Poor's Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the Firm to be of comparable quality ("non-investment grade bonds"). A Client's investments in non-investment grade bonds are predominantly speculative because of the credit risk of their issuers. While normally offering higher yields, non-investment grade bonds typically entail greater potential price volatility, greater risk of default and will likely be less liquid than investment grade securities.

Convertible Securities Risk. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics in that

they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value.

Distressed Securities Risk. A Client, depending on the strategy, will invest in securities of companies that are experiencing or have experienced significant financial or business difficulties. Distressed securities may generate significant returns for a Client, but also involve a substantial degree of risk. In certain circumstances, a Client will lose a substantial portion or all of its investment in a distressed company or be required to accept cash or securities with a value less than a Client’s original investment. The market prices of such investments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such investments will likely be greater than for non-distressed securities.

ETF, Closed-end Fund and Mutual Fund Risk. ETF, closed-end fund and mutual fund investments bear additional expenses based on a pro rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF, closed-end fund or mutual fund generally reflects the risks of owning the underlying securities held by the ETF, closed-end fund or mutual fund. If the ETF, closed-end fund or mutual fund fails to achieve its investment objective, the strategy’s investment in the fund may adversely affect its performance. In addition, because ETFs and many closed-end funds are listed on national stock exchanges and are traded like stocks listed on an exchange, (1) the strategy may acquire ETF or closed-end fund shares at a discount or premium to their NAV, and (2) the strategy may incur greater expenses since ETFs are subject to brokerage and other trading costs. Since the value of ETF shares depends on the demand in the market, we may not be able to liquidate the holdings at the most optimal time, adversely affecting performance. Closed-end funds which are not publicly offered (also known as interval funds) provide only limited liquidity to investors. Accordingly, investments in interval funds can expose investors to liquidity risk, and that risk is greater in funds that invest in securities of companies with smaller market capitalizations, derivatives or securities with substantial market and/or credit risk.

Exchange Traded Note Risk. A Client, depending on the strategy, may invest in exchange traded notes (“ETNs”). ETNs are a type of senior, unsecured, unsubordinated debt security issued by financial institutions that combine aspects of both bonds and ETFs. An ETN’s returns are based on the performance of a market index minus fees and expenses. Similar to ETFs, ETNs are listed on an exchange and traded in the secondary market. However, unlike an ETF, an ETN can be held until the ETN’s maturity, at which time the issuer will pay a return linked to the performance of the market index to which the ETN is linked minus certain fees. Like other index-tracking instruments, ETNs are subject to the risk that the value of the index may decline, at times sharply and unpredictably. In addition, ETNs—which are debt instruments—are subject to risk of default by the issuer. ETNs are subject to both market risk and the risk of default by the issuer. ETNs are also subject to the risk that a liquid secondary market for any particular ETN might not be established or maintained.

REITs and Real Estate Risk. The value of a Client’s investments in real estate investment trusts (“REITs”) may change in response to changes in the real estate market. A Client’s investments in REITs may subject it to the following additional risks: declines in the value of real estate, changes in interest rates, lack of available mortgage funds or other limits on obtaining capital and financing, overbuilding, extended vacancies of properties, increases in property taxes and operating expenses, changes in zoning laws and regulations, casualty or condemnation losses and tax consequences of the failure of a REIT to comply with tax law requirements. A Client will bear a proportionate share of the REIT’s ongoing operating

fees and expenses, which may include management, operating and administrative expenses. As exchange-traded entities, REITs can experience high correlation to the stock market, thus bearing equity risk discussed previously.

Options Risk. We generally utilize options in furtherance of a Client's investment strategies. Option positions often include both long positions, where we or the Client are the holder of put or call options, as well as short positions, where we or the Client is the seller (writer) of an option. Although option techniques can increase investment return, they can also involve a higher level of risk compared with their underlying securities. For example, the expiration of unexercised long options effectively results in loss of the entire cost, or premium paid for the option. Conversely, the writing of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in a Client's cost of selling or purchasing the underlying securities, commodities or other financial instruments in the event of exercise of the option.

Derivatives Risk. In connection with the provision of certain investment strategies requested by a Client, the Firm may make use of certain derivatives instruments. Derivative instruments, which may include without limitation, warrants, options, swaps, forward contracts, and futures contracts. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order to realize gains or to limit losses.

International Investing Risk. International investing, especially in emerging markets, involves special risks, such as currency exchange and price fluctuations, as well as political and economic risks.

Emerging Markets Risk. The risks associated with foreign investments are heightened when investing in emerging markets. The governments and economies of emerging market countries may show greater instability than those of more developed countries. Such instability may result from, among other things, authoritarian governments, or military involvement in political and economic decision-making, including changes or attempted changes in governments through extra-constitutional means, internal insurgencies, hostile relations with neighboring countries, ethnic, religious and racial disaffections or conflict. Certain emerging market countries may have in the past failed to recognize private property rights and have at times nationalized or expropriated the assets of private companies. As a result, the risks from clients investing in those countries, including the risks of nationalization, expropriation and repatriation of assets, may be heightened. In addition, unanticipated political and/or social developments may affect the values of any Client investments in emerging market countries and the availability of additional investments in these countries. The risk that unfavorable trends or (political) events (e.g. changes in economic or tax policy or legal environment, nationalizations, riots, war) take place in a country where the assets have been invested that affect the country's political or economic stability or future development thereby causing the loss of the investments in the country or diminishing the value of such investments for the Clients. Such investments tend to fluctuate in price more widely and to be less liquid than other foreign investments.

### **Regulatory Risks**

Trading Limitations. For all securities and options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances, including, without limitation, the right to impose position limits and price limits on persons or groups of persons. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Client to loss.

Risk of Litigation. From time to time, certain Clients and/or Bosun Asset Management may be named as a defendant in a lawsuit or regulatory action. As a result of such action, the assets of certain Clients may be frozen, and such Clients may not be able to liquidate its investments. In certain cases, certain Clients may be called on to testify and/or provide information in connection with such lawsuit or regulatory action. Certain Clients may also be named as a defendant in the lawsuit or regulatory action. Litigation and regulatory actions can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses.

Changes in Applicable Law. Clients must comply with various legal requirements, including, without limitation, requirements imposed by the tax laws and pension laws in various jurisdictions. Clients may be adversely affected by new

(or revised) laws or regulations that may be imposed by government regulators or self-regulatory organizations that supervise the financial markets. These agencies are empowered to promulgate a variety of rules pursuant to financial reform legislation in the United States. Clients may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules.

### **Fund Risks**

Limited Operating History of Fund. Each Fund is recently formed and therefore has no operating history on which prospective investors may evaluate such Fund's performance. The success of a Fund depends on the ability and experience of Bosun Asset Management and there can be no assurance that Bosun Asset Management will generate any gains or profits for such Fund. In addition, the past performance of the founders of Bosun Asset Management and its affiliates is no guarantee of future performance.

Valuation. While the Administrator will be responsible for calculating each Fund's Net Worth, from time to time a portion of each Fund's assets may be valued by the Administrator using fair valuation models or other methods developed by Bosun Asset Management or its affiliates. To the extent Bosun Asset Management or its affiliates participate in the valuation of the Fund's assets Bosun Asset Management and its affiliates have a conflict of interest as the calculation of certain management fees are often based on the Net Worth of a Fund. Determination of a Fund's Net Worth may involve uncertainties and judgmental determinations. In particular, valuations of Portfolio Investments (including illiquid and less liquid investments) may not be indicative of what actual fair market value would be in an active, liquid or established market. In addition, the Administrator may use models or other methods to calculate the value of certain Portfolio Investments in lieu of using the current market value. The fair valuation models may utilize methodologies where Bosun Asset Management and its affiliates are required to provide certain inputs and make assumptions to calculate the valuation, including assumptions on prepayments, defaults, recoveries, and discount rates. These assumptions and other inputs could prove to be incorrect and impact the valuation of a Portfolio Investment. Furthermore, for listed securities, Bosun Asset Management may determine that the listed prices of the securities as determined in accordance with a Fund's valuation procedures do not reflect the actual value of the securities and Bosun Asset Management may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third party pricing information may at times not be available regarding certain securities. Valuation determinations made by Bosun Asset Management will be conclusive and binding. There is no guarantee that the value attributable to a Portfolio Investment by a Fund will represent the value that will be realized by a Fund on the eventual disposition of such a Portfolio Investment.

Operational Risks. Each Fund is exposed to operational risks arising from a number of factors, including, but not limited to, processing and communication errors, errors of such Fund's service providers, counterparties or other third-parties, failed or inadequate processes and technology or systems failures. Each Fund seeks to reduce these operational risks through controls and procedures. However, these measures do not address every possible risk and may be inadequate to address these risks.

Limited Liquidity. An investment in the Fund provides limited liquidity. Interests in any Fund have neither been registered under the 1933 Act nor under the securities or "blue sky" laws of any state or any other jurisdiction and, therefore, are subject to transfer restrictions. A secondary market does not exist, and one is not expected to develop, any Interests.

Withdrawal. Investors may only withdraw from their capital accounts at certain limited times and upon certain required advance notice. Withdrawals are also subject to the liquidity of a Fund's investments. Under certain limited circumstances, a Fund may suspend the payment of withdrawals. Withdrawals generally will be paid by a Fund based on estimated unaudited financial data. In the event that there is a subsequent adjustment to the estimated unaudited financial data that was originally used to calculate the withdrawal amount, generally such adjustment will be reflected in the calculation of the Net Worth attributable to the Interests as of the next succeeding Business Day on which the Net Worth is determined. As a result, the withdrawing Investor may receive more or less than such withdrawing Investor would be entitled to receive based on the adjusted estimated unaudited financial data and other applicable Investors will absorb the excess or deficiency resulting therefrom.

"New Issues". Bosun Asset Management may invest in "new issues", and, therefore, a Fund may have "new issue" income. Restricted persons and Prospective Investors that do not properly complete the "new issues" questionnaire in the

Subscription Agreement will not be allocated gains or losses attributable to “new issues” investments, subject to certain de minimis exemptions permitted by applicable FINRA rules. Investors who are partially or completely restricted from participating in “new issues” may have an economic disadvantage as compared to those Investors who do participate in “new issues” since some of the Fund’s assets will be used to fund the purchase of “new issues” as to which such restricted Investors will derive no or limited benefit.

Frequency of Trading. Some of the strategies and techniques employed by Bosun Asset Management require frequent trades to take place and, as a consequence, portfolio turnover and brokerage commissions may be greater than for other investment entities of similar size.

Fees and Expenses. Each Fund is directly subject to a management fee, certain organizational expenses, and other expenses as discussed in the relevant Governing Documents.

Concentration. While Bosun Asset Management generally seeks to maintain a diversified portfolio of various stocks and corresponding options, there are no fixed allotments. Therefore, although each Fund seeks to maintain a diversified portfolio across investments as described herein, there is a risk that one of the strategies or techniques may have a disproportionate share of such Fund’s assets and/or that such Fund’s portfolio will be highly concentrated and more susceptible to adverse conditions, poor investment decisions or other factors which negatively affect the performance of the Fund.

Reserve for Contingent Liabilities. Under certain circumstances, Bosun Asset Management may find it necessary to establish a reserve for contingent liabilities or withhold a portion of an Investor’s withdrawal payment at the time of withdrawal, in which case the reserved portion would remain at the risk of the applicable Fund’s activities.

No Participation in Management. The management of each Fund’s operations is vested solely in Bosun Asset Management, and the Investors will have no right to take part in the conduct or control of the business of their respective Fund. In connection with the management of the Fund’s business, Bosun Asset Management will contribute services to the Fund and devote thereto such time in its discretion as it deems appropriate.

Dependence on the Managing Member. Bosun Asset Management invests assets of each Fund. The success of a Fund depends upon the ability of Bosun Asset Management to develop and implement investment strategies that achieve such Fund’s investment objective. Subjective decisions made by Bosun Asset Management may cause a Fund to incur losses or to miss profit opportunities on which it could otherwise have capitalized. In addition, the overall performance of a Fund is dependent not only on the investment performance of Bosun Asset Management, but also on the ability of Bosun Asset Management to select and allocate a Fund’s assets effectively on an ongoing basis. There can be no assurance that the allocations made by Bosun Asset Management will prove as successful as other allocations that might otherwise have been made.

Reliance on Key Individuals. If Bosun Asset Management should lose the services of certain members of its investment team, its ability to perform its responsibilities will be impaired. Investors will have no special withdrawal rights in such event.

Additional Classes. Each Fund shall generally have the power to create and establish such other Classes of Interests having such relative rights, powers and duties as may from time to time be established by Bosun Asset Management, without notice to, or the consent or other approval of, the Investors. Investors of additional Classes may or may not be required to invest different minimum amounts, pay (directly or indirectly) different fees and have certain other terms (including, without limitation, access to information, the ability to withdraw on shorter notice and/or at different times and/or responsibility for expenses) applicable to them that are different than those that are applicable to other Investors, all as determined by us.

Illiquid Investments. Under adverse market or economic conditions, a Fund may find it more difficult to sell such securities and/or instruments when Bosun Asset Management believes it advisable to do so or may be able to sell such securities and/or instruments only at prices lower than if the securities and/or instruments were more widely held. In such circumstances, such Fund may find it more difficult to determine the fair market value of such securities for valuing such Fund’s portfolio. There may be no market for such securities and/or instruments or for a substantial percentage of such securities. To the extent there is a market for such securities, the market will be limited to a narrow range of potential

counterparties, such as institutions and investment banks. These investments could prevent a Fund from liquidating unfavorable positions promptly and subject it to substantial losses. Further, such investments could also impair a Fund's ability to distribute withdrawal proceeds to a Fund in a timely manner and/or a Fund may make in-kind distributions. As a result, a Fund's ability to distribute withdrawal proceeds to Investors in a timely manner could be impaired or a Fund may satisfy any such withdrawal requests, in whole or in part, with in-kind distributions.

Conflicts of Interest. Bosun Asset Management is subject to certain material conflicts of interest. These include that Bosun Asset Management, its members, principals, managers and employees may engage in other activities, including providing investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to any Fund and its affairs.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, the investment strategies, approaches and techniques described herein may not reflect the investment strategies, approaches and techniques actually employed by a Fund. Nevertheless, the investments made on behalf of a Fund will be consistent with such Fund's investment objective.

Other Clients and Funds. Bosun Asset Management and/or its affiliates sponsor, manage and/or otherwise advise other clients, including, without limitation, other investment vehicles. In connection with the operation of the accounts of such clients, Bosun Asset Management and/or its affiliates may employ substantially similar investment strategies and/or invest in substantially similar securities to the strategies employed or securities invested by a Fund. In either case, Bosun Asset Management and/or its affiliates may receive fees or allocations from a Fund and such clients or vehicles.

The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund, or with Bosun Asset Management, more generally. Prospective Clients and Investors should read the relevant Governing Documents in their entirety and consult with their own advisors before deciding to invest with us. In addition, the risks associated with a particular Client or Fund may evolve over time and may involve additional risks, depending on the nature of the investment advisory relationship.

Sub-Adviser Risk. When the Firm engages a sub-adviser, we are highly dependent upon their investment expertise and abilities as they have day-to-day investment discretion over the underlying portfolio assets. Therefore, there is a risk that an event having a negative impact on a sub-adviser (such as a significant change in personnel, corporate structure or resources) may adversely impact a Client's investment results.

The Firm conducts due diligence in selecting, monitoring and overseeing its sub-advisers. However, due diligence is not foolproof and may not uncover problems associated with a particular sub-adviser. For example, one or more of the sub-advisers may engage in improper conduct (including unauthorized changes in investment strategy) that may be harmful and may result in losses. We may rely upon representations made by sub-advisers, accountants, attorneys and/or other service providers. If any of these representations are misleading, incomplete or false, this may result in the selection of a sub-adviser that might otherwise have been eliminated from consideration if fully accurate and complete information had been made available to us. Even if our due diligence efforts are effective at ensuring that we have a thorough understanding of a particular sub-adviser, our judgment about whether a particular sub-adviser is able to perform in a manner that meets our expectations over the long-term may be incorrect.

Although sub-advisers are generally subject to investment policies, strategies and guidelines, there can be no assurance that the sub-adviser will comply with these policies, strategies and guidelines. Failure to comply with the policies, strategies and guidelines could result in an unintended deviation in the investment strategy and could result in losses.

## **Item 9 - Disciplinary Information**

---

Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.



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

---

Bosun Asset Management or our affiliates may hold significant investments in the Funds from time to time, and we or our affiliates serve as the Managing Member (or equivalent) to one or more Clients we manage, including the Funds.

Neither the Firm nor any of our personnel has any registration or application pending to register as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person of the firm.

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

---

We have adopted a Code of Ethics (the “Code of Ethics”) that reflects our commitment to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the Funds and other accounts we manage, and that all of our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees.

From time to time, our personnel will invest in securities that are also held in Client accounts. All transactions in these, and other securities, must comply with our Code of Ethics, which places restrictions and/or prohibitions on certain transactions, requires pre-clearance for certain securities transactions, and mandates periodic reporting of all personal trading and accounts to ensure compliance with our standards.

We also intend to, on occasion, introduce our Clients to the Funds we manage. While we have a financial incentive to recommend Clients to invest in the Funds we manage, we will consider the suitability of the investment in light of each Client’s objectives and restrictions and provide each such Client with the applicable Governing Documents which outline, among other things, the risks, fees, conflicts, and other pertinent considerations with respect to investing in the applicable Funds. Clients will retain final discretion regarding their investment, if any, into any Funds we manage.

Clients and prospective Clients may request a copy of our Code of Ethics by contacting our Chief Compliance Officer by phone at 301-968-2450 or by email at [jnolan@bosunam.com](mailto:jnolan@bosunam.com).

## **Item 12 - Brokerage Practices**

---

### **Selection of Brokers**

Subject to the terms of the applicable Governing Documents, we or our affiliates often hold the authority to determine the broker or dealer to be used for Client securities transactions. Where we hold such authority, we generally need not solicit competitive bids and do not have an obligation to seek the lowest available commission cost. It is not generally our practice to negotiate “execution only” commission rates; thus, Clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Although we will make a good faith determination that the amount of commissions paid are reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable. In determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for Clients are to be executed, we generally seek to negotiate a combination of the most favorable commission and the best price obtainable on each transaction, taking into consideration various additional factors, including, but not limited to, the nature of the portfolio transaction, size of the transaction, execution, clearing and settlement capabilities, desired timing of transactions, reliability, financial condition, confidentiality of trades, and/or Client direction and under appropriate circumstances.

### **Research and Other Soft Dollar Benefits**

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” that permits us to use commissions or “Soft Dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in

the investment decision-making process (“Soft Dollar Benefits”). When we receive Soft Dollar Benefits, we receive a benefit because we do not have to produce or pay for such products or services ourselves, and we may have an incentive to select or recommend a broker-dealer based on our interest in receiving Soft Dollar Benefits rather than a Client’s interest in receiving most favorable execution. The use of Soft Dollar Benefits may cause clients to pay commissions higher than those charged by other broker-dealers in return for Soft Dollar Benefits. Bosun Asset Management will make a good faith determination that the amount of commissions paid is reasonable in light of the products or services provided by a broker. Research and brokerage services obtained by the use of commissions arising from clients’ portfolio transactions may be used by Bosun Asset Management in its other investment activities and thus, clients may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. Bosun Asset Management will periodically review its brokerage and soft dollar arrangements.

Bosun Asset Management uses Soft Dollars to acquire research and brokerage services that provide assistance in the investment decision-making process. These products and services may include market data and order management software, used for trading and research. We limit our use of Soft Dollars to that allowed by Section 28(e). The receipt of products or services and the determination of the appropriate allocation in the case of “mixed use” products or services create a potential conflict of interest between Bosun Asset Management and its clients. Bosun Asset Management may receive a product or service that may be used only partially for functions within the scope of Section 28(e) (i.e., data for research vs data for compliance or hosting fees). In these instances, we will make a good faith determination as to the relative portion of the expense used for investment-making responsibilities and the relevant portion used for administrative purposes. The portion related to administrative purposes is paid by Bosun Asset Management directly. During the last year, client transactions have been executed with the particular broker where the account is custodied. Bosun Asset Management does not have the ability to direct transactions between brokers in return for Soft Dollar Benefits.

#### **Directed Brokerage**

If a Client directs where their brokerage is placed by us, we will not seek to negotiate commission rates for such Client, as these have been pre-negotiated between the Client and their respective broker-dealer. As such, a Client who directs brokerage should consider that they: (i) may pay higher commissions on some transactions than may be attainable by us, or may receive less favorable execution of some transactions or both; (ii) may forego any benefit on execution costs that could be obtained for Clients through negotiated volume discounts on bunched transactions; (iii) may not be able to participate in the allocation of a new issue, if the new issue shares are provided by another broker; (iv) may receive execution of a particular trade after the execution of such trade for Clients who have not directed the brokerage for their accounts; and (vii) may not experience returns equal to Clients who have not directed brokerage for their accounts.

#### **Trade Aggregation**

We will from time to time, where appropriate, aggregate trades for multiple Client accounts in which we hold trading authority in an effort to reduce commissions and execution costs. We believe that combining orders in this manner will be, over time, advantageous to all participating Clients. When aggregating Client trades, we ensure that all participating Clients are treated fairly and equitably.

We will from time to time, place orders for the same security for different Clients at different times and in different relative amounts, or allocate trades in a manner other than pro-rata due to considerations including, but not limited to, differences in investment objectives, investment limitations, risk profiles, and/or capital available for investment; the size of the order; and practicability or appropriateness of aggregating the transaction. Notwithstanding the foregoing, we generally seek to allocate transactions and opportunities among participating Clients in a manner we believe to be the most equitable and consistent with our fiduciary obligations to our Clients.

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

---

Our portfolio managers and analysts review Client accounts on a regular basis. As determined by the applicable Governing Documents, these reviews frequently include daily review and monitoring of portfolio positions to ensure that each Client’s account(s) are managed in a manner consistent with the relevant Governing Documents.

Apart from regular reviews, Client accounts may be reviewed in response to significant changes to the Client, the capital markets more broadly, or other exigent circumstances that we believe warrant review or consideration.

We generally provide Investors with written reports as specified in the applicable Governing Documents, including audited annual financial statements pursuant to our obligations under Rule 206(4)-2 of the Advisers Act, if applicable; periodic performance reports, such as quarterly reports reflecting the net asset value of an Investor's account(s); for certain Investors, tax documentation relating to their respective Fund investments necessary for US income tax purposes; and/or any other reports otherwise specified in the applicable Governing Documents.

Any other reports or reviews not specified above will be conducted pursuant to the applicable Governing Documents.

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

---

We reserve the right to engage solicitors to whom we pay remuneration, or a portion of the advisory fees paid by Investors or Clients referred to it by those solicitors, where appropriate. In such cases, this practice is disclosed to the Investor or Client and we will comply with the other requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 (the "Advisers Act"), to the extent required by applicable law.

## **Item 15 - Custody**

---

Where appropriate, we or our affiliates enter into agreements with qualified custodians to maintain custody of each Fund's assets as and to the extent required by Rule 206(4)-2 under the Advisers Act. While we typically never have actual physical custody of any Client's assets, as the investment manager of the Funds, where we serve as the managing member, general partner, or equivalent, Bosun Asset Management will generally be deemed to have custody of such Client's. In such cases, we will use our best efforts to deliver audited financial statements for each Fund to its respective Investors within 120 days after the end of such Fund's fiscal year. Additionally, subject to the terms of the applicable Governing Documents, Investors receive monthly, unaudited account statements in our discretion.

Except as outlined above, we typically do not have custody over funds or securities of our Clients. As a general matter, all Client assets will be held at broker-dealers, banks, or other qualified custodians, as in the case of our SMAs and Advisory Clients.

SMAs should receive at statements or links to their quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains their respective investment assets. As a general matter, Investors do not receive reports directly from their respective Fund's qualified custodians. We urge all Clients and Investors to carefully review any statements received from a qualified custodian or administrator, as applicable, and compare such records to any account statements that we may provide. Our statements may vary from such statements based on a variety of considerations, such as accounting procedures, reporting dates, or valuation methodologies of certain securities.

With respect to Advisory Clients, we are authorized to give instructions to the custodian with respect to all investment decisions regarding the assets held in the discretionary accounts of the Advisory Client. The custodian is authorized and directed to effect transactions, deliver securities, make payments and otherwise take such actions as the Firm shall direct in connection the performance of our obligations under the Governing Documents. To the extent applicable, Bosun Asset Management has the right to charge an Advisory Client's account for the amount of the advisory fee then due. The Firm will send a statement showing the quarterly fee, the value of the assets upon which the fee was based, and the calculation of the fee. Advisory Clients are advised to review their statements for accuracy.

The Firm is deemed to have custody of Advisory Client accounts where the Firm has authority to instruct the custodian of the client account to deduct for the Firm's advisory fees directly from the Advisory Client account. As part of this billing process, the Advisory Client's custodian is advised of the amount of the fee to be deducted from that Advisory Client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, Advisory Clients are urged to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16 - Investment Discretion**

---

Bosun Asset Management has discretionary authority over each Fund pursuant to the Fund's respective Governing Documents, and provides investment advice to such Fund in accordance with the relevant Governing Documents. Investors generally may not place any limits on our authority beyond the limitations set forth in the Funds' Governing Documents and/or Bosun Asset Management's internal compliance manual. For any other Clients, such as our SMAs and Advisory Clients, we offer both discretionary or non-discretionary investment advice pursuant to the terms of the Client's respective, duly executed Governing Document(s) or their equivalent(s).

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

---

As a general matter, we do not anticipate voting any proxy proposal, consents, or resolutions (collectively, "Proxies") on behalf of our Clients, when doing so does not conflict with the best interests of the applicable Client(s).

Notwithstanding the foregoing, we have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that when we vote Proxies on behalf of Clients, where appropriate, Proxies are voted in a manner both in accordance with our fiduciary duties pursuant to Rule 206(4)-6 under the Advisers Act, and in which we believe will maximize the long-term economic value of Client assets, considering the specific strategy surrounding the investment, time horizons, contractual obligations, and any other facts or circumstances that we identify as relevant at the time of the vote.

Depending on the nature of the applicable Governing Documents, certain Clients, such as in the case of some SMAs and Advisory Clients, retain their right to vote their Proxies. As a general matter, with respect to a Fund, in the event that we determine that voting a Proxy on its behalf is in its and its Investors' best interests, subject to the terms of its applicable Governing Documents, no Investor(s) may direct the manner in which we vote. Bosun Asset Management generally retains proxy voting authority over Advisory Client discretionary accounts, but does not vote proxies for non-discretionary accounts, as detailed in the respective Governing Documents.

Prior to voting a Proxy on behalf of any Client, where appropriate, we endeavor to identify any potential, material conflicts of interest related to the Proxy in question, such as those which may influence the manner in which we vote. In the event that we identify a potentially material conflict of interest, we generally consult the Client themselves, or in the case of an SMA, their representatives, to discuss the nature of the potential conflict of interest we have identified, and to assess the appropriateness of our vote on their behalf.

Clients may request information concerning how we voted their Proxies, and additional information regarding our proxy voting policies and procedures can be obtained by contacting our Chief Compliance Officer by phone at 301-968-2450 or by email at [jnolan@bosunam.com](mailto:jnolan@bosunam.com).

## **Item 18 - Financial Information**

---

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