

**Part 2A of Form ADV: Firm Brochure**



# WALNUT LEVEL

CAPITAL, LLC

**Walnut Level Capital, LLC**

1221 South Clarkson Street, Suite 205  
Denver, CO 80210

Web Address:

[www.walnutlevel.com](http://www.walnutlevel.com)

March 30, 2024

This brochure provides information about the qualifications and business practices of Walnut Level Capital, LLC. If you have any questions about the contents of this brochure, please contact us at (303) 381-4921. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Walnut Level Capital, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

There have been no material changes made to this brochure since our last filing dated March 31, 2023. Walnut Level is registered with the SEC per registration requirements under the Investment Company Act of 1940. Registration does not imply a certain level of skill or training.

All current and prospective clients and private fund investors are encouraged to read this Brochure carefully in its entirety.

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## **Item 4: Advisory Business**

Walnut Level Capital, LLC (“Walnut Level,” “Investment Manager” or the “Firm”) is a Delaware limited liability company founded in 2019 by Charles Antrim, who is the sole proprietor of Walnut Level. The Firm’s principal place of business is in Denver, Colorado.

Walnut Level is an investment manager that focuses on investing in the agriculture, chemicals, and materials supply-chains in the global equity markets. Walnut Level provides discretionary investment management services to pooled investment vehicles organized as private investment funds (the “Walnut Level Funds”), a sub-advised private fund (together with the Walnut Level Funds, “Funds”) and in the future may offer similar management services to institutional clients through separately managed accounts (collectively with the Funds, “Clients”). Walnut Level does not provide financial planning services. Walnut Level’s funds follow a “master-feeder” structure in which the Feeder Funds will implement the investment strategy through the Master Fund.

The Firm manages each of its Funds within the guidelines and restrictions set forth in each Fund’s offering documents and within regulatory guidelines and limitations. The Funds are expected to generally seek to rely on an exemption from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”) and their securities will not be registered under the Securities Act of 1933, as amended (the “Securities Act”). Walnut Level provides discretionary investment management services to the Funds in accordance with the applicable limited liability company operating agreement, limited partnership agreement, management agreement, subscription agreement, and side letters of each Fund (each, an “Advisory Agreement”). The Advisory Agreements of a Fund, along with any private placement memoranda and related materials are referred to herein collectively as the “Governing Documents” of such Fund.

Walnut Level’s advisory services are tailored to the needs of our clients based on their individual investment objectives, risk tolerance, cash or income needs, and any investment restrictions. As part of these investment management services, Walnut Level has an ongoing responsibility to select and make appropriate recommendations to clients as to specific securities or other investments that may be purchased or sold for a client’s portfolio. The investment objective and restrictions applicable to each Fund are detailed in the relevant Fund’s Governing Documents.

### ***Assets Under Management***

As of 12/31/2023, Walnut Level manages \$186,174,964 of regulatory assets on a discretionary basis.

## **Item 5: Fees and Compensation**

The following is a general description of the fees, compensation, and other expenses regarding advisory services for the Funds. Each Fund’s Governing Documents describe fees, compensation, and expenses in greater detail. Investors should refer to such governing documents of the applicable Fund for a complete understanding of how Walnut Level is compensated for its advisory services.

### ***Management Fees***

The Funds will pay Walnut Level a fee (the “Management Fee”) in accordance with the terms set forth in each fund’s governing documents. The Master Fund will pay the Management Fee for each month equal

to a twelfth of the result of the applicable Management Fee Rate (1.5% per annum) multiplied by the balance of each Capital Account of a Limited Partner as of the beginning of such month. The Master Fund will calculate and pay the Management Fee in advance and on a monthly basis. The portion of the Management Fee applicable to a Capital Account will be debited from its corresponding Series Capital Account.

In the case of the termination or dissolution of any Fund, the Management Fee will cease to accrue upon the termination date or the date of the earlier dissolution, and for all periods thereafter through the date of the Fund's final liquidating distribution, the Fund will pay Walnut Level or Affiliate thereof, as applicable, reasonable compensation for its services in connection with the liquidation of the Fund's assets.

In the sole discretion of the Investment Manager, the Management Fee may be waived, reduced or calculated differently with respect to any Feeder Fund Investor or Limited Partner.

### ***Performance-Based Fees***

Walnut Level has the potential to earn performance-based compensation in the form of performance fees or profit/incentive allocations from the Funds. The General Partner will receive the performance-based incentive allocation in connection with the management of the Funds. The incentive allocation is not the product of an arm's-length negotiation with any third party, and, because the incentive allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains. The Investment Manager may receive an incentive fee equal to 15-20% of the absolute performance of the Funds.

In the sole discretion of the General Partner, the incentive allocation may be waived, reduced or calculated differently with respect to the Capital Account(s) of any Limited Partner, including any Investment Manager-Related Investor.

### ***Expenses***

Except for expenses borne directly by or on behalf of the Fund, as described in the Fund's organizational documents, the General Partner and Walnut Level will assume all ordinary administrative and overhead expenses attributable to their activities, including salaries and compensation of the employees; fees and expenses for administrative, clerical and related support services; office space and facilities, utilities and equipment.

The Funds will bear its own organizational and operational expenses and its pro rata share of any trading vehicle's expenses. This will typically include costs and expenses incurred in purchases, research and due diligence of potential investments, sales or exchanges made in connection with the Funds' investment activities, including legal, auditing, consulting, administration, custodian, and accounting fees and expenses.

Additional costs could be incurred in connection with the Master Fund's non-U.S. investment activities. Non-U.S. brokerage commissions generally are higher than brokerage commissions in the United States. Increased custodian costs as well as administrative difficulties (such as the applicability of non-U.S. laws to non-U.S. custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in non-U.S. jurisdictions.

See Item 12 below for information on brokerage practices.

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

As discussed in Item 5 above, Walnut Level is entitled to receive performance-based compensation through incentive fees from the Funds. Performance-based fees may create an incentive for the Investment Manager of the Funds to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such fees were not allocated to the Investment Manager. Such arrangements also create an incentive for Walnut Level to favor higher fee-paying Funds over other Funds in the allocation of investment opportunities. Walnut Level seeks to ensure the allocation of investment opportunities among Funds occurs on a fair and equitable basis at all times to mitigate these conflicts.

## **Item 7: Types of Clients**

Walnut Level primarily provides investment advisory advice to pooled investment vehicles that operate as private investment funds following a “master-feeder” structure. Walnut Level is also a sub-advisor to other pooled investment vehicles. The securities issued by the Funds to their investors are not registered under the Securities Act because such securities are sold in transactions not involving a public offering (i.e., a private placement). Each prospective investor in a fund is required to represent, among other things, that they are (i) an “accredited fund Investor,” as such term is defined under Regulation D of the Securities Act of 1933 (as amended, the “1933 Act”); (ii) a “qualified client” as such term is defined under Rule 205-3 under the Advisers Act; or (iii) a “qualified purchaser” as such term is defined in Section 2(a)(51) of the Investment Firm Act of 1940, as amended.

Each Fund’s minimum capital and investor qualification requirements are set forth in the Fund’s offering documents and each Investor is furnished with a copy of the partnership agreement (or equivalent - e.g., operating agreement) and other governing documents which detail the terms, conditions, and risks regarding the investment.

Walnut Level typically imposes a minimum investment in connection with investing in the Funds, often in the range of \$1,000,000 to \$2,000,000, although such minimums may be waived at the discretion of the Investment Manager.

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

The following is a summary of Walnut Level’s methods of analysis, investment strategies, and material risks. Investors in the Funds are encouraged to carefully review the additional information about investment and other risks in the Funds’ offering documents.

Upon the identification of an investment opportunity, Walnut Level’s investment process generally includes a multi-step due diligence review of quantitative and qualitative attributes of potential portfolio investments. Walnut Level continuously monitors the portfolio’s positioning and risk limits/levels.

Positions are assessed from an alpha generation and risk mitigation perspective and thesis strength and event path realization are used to determine successful/unsuccessful investment decisions. Alpha generation is a key indicator. Top-down work is evaluated through demand and margin trends at the position and portfolio level which is ultimately assessed from both price target realization (upside/downside) and hedging effectiveness.

In addition to publicly traded securities, the Investment Manager may cause the Master Fund to invest opportunistically in private companies and in certain assets or securities which the Investment Manager believes either may not have a readily assessable market value or should be held until the resolution or occurrence of an event or circumstance and which the Investment Manager, in its sole discretion, designates as a designated investment (each such investment, a "Designated Investment" or a "DI").

Scenario analyses at both the individual position and portfolio levels are consistently back tested in order to prove risk/reward opportunities as well as risk and event paths for monetization across multiple market cycles. Walnut Level uses third-party research reports from major sell-side institutions as well as industry specific trade publications in its research process.

### ***Investment Strategies***

The Firm primarily focuses on investing in the agriculture, chemicals, and materials supply-chains in the global equity markets. Walnut Level's investment team blends both bottom-up fundamental company research and top-down macro information. The investment team has developed a niche coverage universe and endeavors to develop a deep understanding of the companies within its universe in order to anticipate market trends and identify unique sources of alpha. The team distinguishes where excess margin exists along the supply chain using industry and proprietary data and qualitative sourcing checks. They also strive to identify and evaluate the direction, duration, and reasons for any potential shifts to these analyses. Industry and proprietary pricing, volume, and other modeling assumptions are applied on a company specific basis. In-house data analysis, modeling, and company reporting are used to assess risk/reward, event path, and monetization opportunities on individual names. Macro-economic data is analyzed and used on an iterative basis to develop global and regional trends around supply/demand, inflection points, and event paths.

Walnut Level seeks to identify the event path to value realization (e.g., earnings reports, company-specific analyst days, sell-side, and industry conferences) while being mindful of macro commodity, economic, and political events. Walnut Level leverages longer-term thematic views into portfolio construction and positions the portfolio to capture value over time but is ever mindful of near-term market related and company-specific risks. The investment team carefully sizes positions accordingly in order to hedge risk. Earnings and cash flow multiples are applied based on various economic scenarios to yield price targets, and position sizing is based on modeling variance relative to consensus, stock price variance to price target, and crowdedness.

### ***Risk Factors***

Investing in securities involves risk of loss that clients should recognize and prepare for. An investment in a Fund or separately managed account and the corresponding investment strategy involves significant risks, including those associated with a targeted industry and market, as well as potential concentration risks. The following is a summary of certain risks involved with Walnut Level's investment strategy.

*Investing in the Funds involves risk of loss up to and including the loss of an investor's entire investment. Prospective investors or their advisors should carefully read the Risk Factors in the confidential private placement memorandum of each Fund in which they may invest.*

Risks associated with Walnut Level include, but are not limited to:

- *Risk of Loss.* No guarantee or representation is made that the Master Fund's investment program, including the Master Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.
- *Illiquid Securities.* The Master Fund invests in private equity companies and other securities that are subject to legal or other restrictions on transfer or for which no liquid market exists (e.g., DIs and other private placement securities). The Master Fund may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid assets often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. There is no guarantee that such restricted and illiquid securities could be sold at the values at which they may be carried on the books of the Master Fund.
- *Equity Securities Generally.* The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Master Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Master Fund has not hedged against such a general move. The Master Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.
- *Long/Short.* The success of the Master Fund's long/short investment strategy depends upon the Investment Manager's ability to identify and purchase Securities that are undervalued and identify and sell short Securities that are overvalued. The identification of investment opportunities in the implementation of the Master Fund's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Master Fund's positions were to fail to converge toward or were to diverge further from values expected by the Investment Manager, the Master Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Master Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Manager's long/short strategies may become outdated and inaccurate as market conditions change.
- *Borrowing for Cash Management Purposes.* The Master Fund has the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the Master Fund can borrow will affect the operating results of the Master Fund.
- *Lending of Portfolio Securities.* The Master Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the Master Fund will continue to receive the equivalent of



the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

- *Hedging Transactions.* The Master Fund may utilize Securities for risk management purposes in order to: (i) protect against possible changes in the market value of the Master Fund's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Master Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any Securities; (iv) enhance or preserve returns, spreads or gains on any Security in the Master Fund's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Master Fund's Securities; (vii) protect against any increase in the price of any Securities the Master Fund anticipates purchasing at a later date; or (viii) act for any other reason that the Investment Manager deems appropriate. The Master Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Investment Manager may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the Master Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Master Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.
- *Micro-, Small- and Medium-Capitalization Companies.* Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger "blue-chip" companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, "blue-chip" companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.
- *Investing in the Industrials Sector.* The Master Fund invests in companies in the industrials sector, such as those involved in construction and manufacturing, transportation, industrial machinery and equipment, materials, metals and mining, and aerospace and defense. The industrials sector can be significantly affected by general economic trends, including employment, economic growth, and interest rates; changes in consumer sentiment and spending; the supply of and demand for specific industrial and energy products or services; government regulation and spending; and global competition. For example, adverse changes in the prices of certain commodities and unit volume reductions resulting from an oversupply of materials used in industrials and energy equipment and services industries can adversely affect those industries. Furthermore, a company in the industrials sector can be subject to liability for environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.
- *Agricultural Commodities.* Agricultural commodities are particularly sensitive to changes in, among other things, climate, crop and livestock health, world political events, government action (including export and import restrictions and embargoes), international and regional trade

contracts, labor contracts, transportation systems and crop predictions. Significant production declines and volume decreases of agricultural commodities can occur as a result of, among other things, hurricanes, tornadoes, floods, fires and other natural disasters. In addition, agricultural commodities are subject to price volatility as a result of disruptions relating to the facilities necessary to produce, transport, store and deliver the agricultural commodity. As a result, the net assets of the Master Fund may be affected by such factors.

- *Precious Metals.* Prices of precious metals (e.g., gold, silver, platinum and palladium) are affected by factors such as cyclical economic conditions, political events, and monetary policies of various governments and countries. In addition, certain precious metals are geographically concentrated, and events in those parts of the world in which such concentration exists may affect their values. Gold and other precious metals are also subject to governmental action for political reasons. The markets for precious metals are volatile and there may be sharp fluctuations in prices even during a period of rising prices.
- *Energy.* Markets for energy-related commodities, including electricity, coal, natural gas, crude oil and other petroleum products, can be susceptible to substantial price fluctuations over short periods of time and are particularly affected by political events, natural disasters, exploration and development success or failure, and technological changes. In addition, significant short-term price volatility can be caused by the inability to store electricity, tariff regulation and consumer advocacy.
- *Legal and Regulatory Environment for Private Investment Funds and their Managers.* The legal and regulatory environment worldwide for private investment funds (such as the Fund) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Master Fund to pursue its investment program and the value of investments held by the Master Fund. There has been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Master Fund to pursue its investment program or employ brokers and other counterparties could have a material adverse effect on the Fund and the Limited Partners' investments therein. In addition, the Investment Manager may, in its sole discretion, cause the Fund or the Master Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Master Fund's interest, even if such laws and regulations may have a detrimental effect on one or more Limited Partners.
- *Systemic Risk.* Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which the Master Fund interacts, as well as the Master Fund, are all subject to systemic risk. A systemic failure could have material adverse consequences on the Master Fund and on the markets for the Securities in which the Master Fund seeks to invest.
- *Limited Liquidity.* An investment in the Fund has limited liquidity because Limited Partners will generally have only limited rights to withdraw capital from the Fund or transfer their Interests, and the Fund has the right to suspend withdrawals, as described herein. Additionally, no voluntary withdrawals may be made by any Limited Partner from the portion of its Capital Account that is allocated to a DI Account or with respect to any DI Reserves or Management Fee and Other

Expenses Reserves. Limited Partners must be prepared to bear the financial risks of an investment in the Fund for an indefinite period of time.

- *Cybersecurity Risk.* As part of its business, the Investment Manager processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Master Fund and personally identifiable information of the Limited Partners. Similarly, service providers of the Investment Manager, the Fund or the Master Fund, especially the Administrator, may process, store and transmit such information. The Investment Manager has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network-connected services provided by third parties to the Investment Manager may be susceptible to compromise, leading to a breach of the Investment Manager's network. The Investment Manager's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Online services provided by the Investment Manager to the Limited Partners may also be susceptible to compromise. Breach of the Investment Manager's information systems may cause information relating to the transactions of the Master Fund and personally identifiable information of the Limited Partners to be lost or improperly accessed, used or disclosed.
- *Valuation of Assets and Liabilities.* The Master Fund's assets and liabilities are valued in accordance with the Valuation Policy. The valuation of any asset or liability involves inherent uncertainty. The value of a Security determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the Fund if the judgments of the General Partner, in its capacity as general partner of the Master Fund, regarding the appropriate valuation should prove to be incorrect.
- *Portfolio Valuation.* Valuations of Main Portfolio and its investments in DIs, which affects the amount of the Management Fee and the Incentive Allocation, may involve uncertainties and judgmental determinations. Third-party pricing information may at times not be available regarding certain of the Master Fund's investments in DIs, securities, derivatives and other assets. A disruption in the secondary markets for the Master Fund's investments may limit the ability of the Master Fund to obtain accurate market quotations for purposes of valuing its investments and, therefore, limit the ability of the Master Fund to value the Master Fund's portfolio. The Master Fund invests in illiquid instruments (e.g., DIs) and the valuation of such instruments may, in certain circumstances, be determined by the Investment Manager without third party involvement, and such valuation will be final and conclusive as to all parties. In the event there is no readily available market for any of the Master Fund's investments, such investments will be difficult to value. There is no guarantee that the value determined for any investment will represent the value that will be realized by the Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

- *Volatility Risk.* The Master Fund's investment program may involve the purchase and sale of relatively volatile Securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Securities and/or markets can adversely affect the value of investments held by the Master Fund.
- *Co-Investments with Third Parties.* The Master Fund may co-invest with third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-venturer has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Master Fund or is in a position to take (or block) action in a manner contrary to the Master Fund's investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments.
- *Commodity Interest Trading Limit.* The Investment Manager currently operates the Master Fund subject to the CFTC Rule 4.13(a)(3) de minimis exemption (the "4.13(a)(3) Exemption"). While the 4.13(a)(3) Exemption provides relief from certain CFTC reporting and recordkeeping requirements, it generally requires the Master Fund to, among other things, have de minimis levels of commodity interest trading. Accordingly, the Master Fund will operate with significant restrictions upon its trading of the instruments that are restricted under the 4.13(a)(3) Exemption, such as commodity futures, security futures options thereon and certain swaps. As a substitute for such instruments, the Master Fund may trade other instruments that are not restricted under the 4.13(a)(3) Exemption. As a result, the Master Fund may incur higher transaction costs or effect a less optimal hedge than it would otherwise be able to if it were not operated subject to the 4.13(a)(3) Exemption.
- *Debt Securities.* Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

## Item 9: Disciplinary Information

Walnut Level is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of the adviser or the integrity of Walnut Level's management. The Firm has nothing to report at this time.

## Item 10: Other Financial Industry Activities and Affiliations

Walnut Level's Private Funds are typically formed as limited partnerships or limited liability companies which are controlled by a general partner or managing partner, respectively (in each case, a "General Partner", and collectively, the "General Partners"). WLC GP, LLC, the General Partner of the Funds, is a related person of Walnut Level. The General Partner is controlled by individuals who are managing members of Walnut Level.

Neither Walnut Level nor any of its management persons are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

## **Item 11: Code of Ethics, Participation Client Transactions, and Personal Trading:**

### ***Code of Ethics***

Walnut Level has adopted a Code of Ethics designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act. Walnut Level has a written Code of Ethics that is available to any client or prospective client upon request. All employees of the Firm are required to familiarize themselves with the Code of Ethics and adhere to its principles.

Below is a summary of the Code of Ethics:

Walnut Level and its employees shall:

- Comply with all applicable securities law, rules, and regulations.
- Comply with professional standards of conduct by following ethical principles of openness, integrity, honesty, and trust while fulfilling their fiduciary obligations.
- Place the interests of the Funds and Clients first, and not take inappropriate advantage of their positions with Walnut Level for their own personal benefit. Employees are prohibited from engaging in practices that violate Walnut Level's policy prohibiting employees from acting upon, misusing, or disclosing any material, non-public information.
- Disclose all material facts about conflicts of interest, personal account dealings, political contributions, and outside business activities. Employees are required to report their personal securities holdings upon entry into the organization and subsequently each quarter.
- Enjoin themselves from receiving gifts or entertainment which may create an actual or apparent conflict of interest.
- Notify appropriate persons of real or potential violations of the Code of Ethics.
- Attest to delivery and acknowledgement of the Code of Ethics.

### ***Participation or Interest in Client Transactions***

Allocation of investment opportunities will be fair and equitable to all clients. Walnut Level will not unfairly favor any client account over any other client account. Walnut Level recognizes its obligation to identify, monitor, and where appropriate, seek to reduce or eliminate potential conflicts of interest that might interfere with the performance of its fiduciary duties to clients.

Each General Partner may make a capital commitment to the applicable Funds and its capital commitment may be funded through such General Partner by members and employees of Walnut Level and the applicable General Partner. In addition, Walnut Level, the General Partners and their respective members, employees and affiliates may participate in co-investments with a Fund.

### ***Personal Trading***

The Code of Ethics details policies and procedures designed to identify insider information while addressing practices to prevent employees from benefiting from, or appearing to benefit from, having material, non-public information.

Walnut Level maintains a restricted list of all reportable securities for the firm, and anyone associated with its advisory practice. The list is regularly reviewed and updated by the Chief Compliance Officer or his/her compliance designee. When a company is placed on this list, no employee (or member of their immediate family/household) may trade in the securities or recommend trading in the securities until the restricted company is removed from the list. Employees are expected to regularly review the restricted list before engaging in a securities transaction.

## **Item 12: Brokerage Practices**

### ***Broker Selection***

Walnut Level has the discretion to select the brokers to execute transactions for all Funds, and to negotiate and determine the commissions to be paid for such transactions. Walnut Level may consider a number of factors when selecting a broker or dealer for a transaction, including the broker's execution capability, the broker's responsiveness to Walnut Level, the broker's reputation and access to the global market for the security being traded, the efficiency with which the trade will be executed, the broker's integrity (ability to maintain confidentiality), the broker's knowledge of global regulatory practices, commission rates and the value of the research products and services that a broker lawfully may provide to assist Walnut Level in the exercise of its investment decision making responsibilities, the availability of soft dollar accrual, the broker's technology infrastructure and operations capabilities, and the expected market impact of the trade. The determining factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution for our clients. Walnut Level has no affiliated broker-dealer.

### ***Soft Dollar Benefits***

Walnut Level has a fiduciary obligation to seek best execution for client trades and not to use Fund assets for its own benefit at the expense of its Funds and investors. Walnut Level may, from time to time, pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting Master Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Manager will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). Research services can include access to analysts, sponsored meetings, conferences, written reports, and/or other services provided to Walnut Level regarding companies, industries, market factors, and other topics.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Master Fund may be used by the Investment Manager to service one or more Other Accounts, including Accounts that may not have paid for the soft dollar benefits. The Investment Manager will not



seek to allocate soft dollar benefits to Accounts in proportion to the soft dollar credits the Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Manager (i.e., a "mixed use" item), the Investment Manager will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Manager's allocation of the costs of such benefits and services between those that primarily benefit the Investment Manager and those that primarily benefit the Accounts.

At least annually, Walnut Level considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of its accounts on the basis of that consideration.

### **Item 13: Review of Accounts**

Walnut Level's investment team monitors each of the investments it makes in portfolio investments on an ongoing basis to monitor the progress of such investments and seek to ensure that such investments remain consistent with the Funds' investment strategies, objectives, and investment restrictions (as applicable). The Funds will be monitored on a daily basis by Charles Antrim acting as CIO and Eric Brody acting as COO.

The portfolio team meets every Monday morning to review both macro (top-down) and micro (bottom-up) updates prior to the start of market hours in order to diligently test the portfolio and risk on a frequent basis.

Investors in each Fund will receive written financial reports, including an unaudited balance sheet, a statement of net income or net loss, a statement of changes in financial position or a cash flow statement, and a supplemental statement of such investor's capital account on a quarterly basis. On an annual basis, within 120 days of the period end, investors in each Fund also will receive audited financial statements of the Fund, valuations of the Fund's investments and tax information necessary for the completion of U.S. tax returns.

Walnut Level shall determine the fair value of each Fund's assets at its discretion as provided in such Fund's operating agreement.

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

From time to time, Walnut Level enters into arrangements in which persons who are not supervised persons (such as placement agents or financial advisors) to assist in the capital-raising efforts. Walnut Level will not engage a placement agent that is not duly registered with the Financial Industry Regulatory Authority (or, if applicable, corresponding non-U.S. authorities).

Other than compensation and expense reimbursements from portfolio companies described under Item 5, Walnut Level does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services.

## **Item 15: Custody**

### ***Private Funds***

Walnut Level generally does not have physical custody of client funds or securities. However, Walnut Level or its affiliates, by virtue of its position with the Funds, will generally be deemed to have custody of the funds and securities of the Funds under Advisers Act Rule 206(4)-2 ("Custody Rule").

Walnut Level complies with the Custody Rule by (i) entrusting the custody of any funds and securities of a Private Fund that are not privately offered securities ("Assets") with a qualified custodian; and (ii) meeting the conditions of the pooled vehicle annual audit provision of the Custody Rule by obtaining an annual (and liquidation) audit of the Private Funds' financial statements by an independent auditor who is a member of and subject to inspection by the Public Company Accounting Oversight Board ("PCAOB"), with such audited financial statements made available to investors in compliance with the SEC's Custody Rule. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles ("GAAP") distributed within 120 days of each Fund's fiscal year end.

The prime brokers are each a "qualified custodian" as such term is defined in the Custody Rule. The Investment Manager ensures client assets are maintained in compliance with the Custody Rule.

## **Item 16: Investment Discretion**

Pursuant to written investment management agreements, Walnut Level has discretionary authority to manage the investment portfolios of each of the Funds in accordance with each fund's investment strategy and subject to any investment restrictions established in each fund's governing documents.

Each Fund's investment strategy (and restrictions, if any) are set forth in such Fund's governing documents. Investment advice is provided directly to the funds, subject to the discretion and control of the relevant general partner, and not to the individual investors in such funds.

## **Item 17: Voting Client Securities**

Walnut Level's authority to vote proxies is established through its investment advisory agreements. In compliance with Rule 206(4)-6 under the Advisers Act, Walnut Level has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the applicable Fund's best interest and is in line with each Fund's investment objectives.

The Investment Manager may take into account all relevant factors, as determined by the Investment Manager in its discretion, including: (i) the impact on the value of the securities or instruments owned by the relevant Fund and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.



In limited circumstances, the Investment Manager may refrain from voting Proxies where the Investment Manager believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Funds.

Conflicts of interest may arise between the interests of the Funds on the one hand and the Investment Manager or its affiliates on the other hand. If the Investment Manager determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Investment Manager will vote in accordance with its Proxy voting policies and procedures. Limited Partners and other investors may obtain a copy of the Investment Manager's Proxy voting policies and its Proxy voting record upon request.

## **Item 18: Financial Information**

Walnut Level does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients. Walnut Level has not been subject to any bankruptcy proceedings.