

Item 1: Cover Page

Cunning Capital, LLC

Form ADV Part 2A Brochure

March 4, 2024

Mailing
Address: 1204 Village Market Place, #272
Morrisville, NC 27560

Phone: (919) 355-6330

Email: bforeman@cunningcapital.com

This brochure provides information about the qualifications and business practices of Cunning Capital, LLC. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer, Elizabeth Foreman, CPA, at the telephone number or email address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Cunning Capital, LLC is an investment adviser registered with the SEC, but registration does not imply a certain level of skill or training.

Additional information about Cunning Capital, LLC is also available on the SEC's website at www.adviserinfo.sec.gov and by searching for CRD#310482.

Item 2: Material Changes

In this Item, Cunning Capital, LLC (“Cunning” or “Adviser”) is required to identify and discuss material changes since the last time this brochure was updated. Since filing its last annual updating amendment on February 13, 2023, this brochure has been updated to reflect the following”

- **Cover Page, Item 4** – updated location and mailing address of Adviser.
- **Item 4** - updated information relating to Cunning Capital, LLC’s assets under management.
- **Item 5** – revised to remove provisions relating to Adviser charging a performance fee, which has been discontinued.
- **Item 6** – revised to explain that the Partnership does not charge a performance fee.
- **Item 10** – enhanced disclosures regarding potential conflicts of interest.

Item 3: Table of Contents

Item 1: Cover Page	1
Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business	4
Item 5: Fees and Compensation	4
Item 6: Performance-Based Fees & Side-By-Side Management	5
Item 7: Types of Clients	5
Item 8: Methods of Analysis, Investment Strategies & Risk of Loss	6
Item 9: Disciplinary Information	9
Item 10: Other Financial Industry Activities & Affiliations	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	10
Item 12: Brokerage Practices	11
Item 13: Review of Accounts	12
Item 14: Client Referrals and Other Compensation	12
Item 15: Custody	13
Item 16: Investment Discretion	13
Item 17: Voting Client Securities	13
Item 18: Financial Information	13

Item 4: Advisory Business

- A. Cunning Capital, LLC (“Adviser” or “Cunning”) is a North Carolina limited liability company formed in January 2013, with its principal place of business in Raleigh, NC. Adviser is equally owned by David Russell Cunningham and Elizabeth Leigh Foreman, CPA. Adviser is registered with the SEC as an investment adviser pursuant to the federal Investment Advisers Act of 1940, as amended (the “Advisers Act”).
- B. Adviser is an investment firm that provides discretionary investment management services, solely to private investment funds sponsored by Adviser. The firm currently provides portfolio management services to Cunning Capital Partners, LP, a Delaware limited partnership (the “Partnership”). Adviser also serves as General Partner of the Partnership.
- C. Adviser has been retained by the Partnership to act as its discretionary investment adviser. The specific terms and conditions applicable to the Partnership, as well as the Partnership’s investment focus, investment guidelines, and investment restrictions, if any, are described in the Partnership’s confidential private placement memorandum (the “Memorandum”). Generally, the Partnership’s investment objective is to achieve long-term capital appreciation on its investments. The Partnership seeks to achieve this objective through the application of the Adviser’s disciplined, long-term approach, focused on buying and selling common stocks.
- D. This Brochure is neither an offer to sell nor a solicitation of an offer to buy interests in the Partnership. Such an investment may be made only after receipt and review of the Memorandum. Upon request to Adviser, a copy of the Memorandum is available to persons meeting applicable investor eligibility criteria. The Memorandum contains important information concerning risk factors and other material aspects of the Partnership and must be read carefully before any decision whether to invest is made. The information in this document is qualified in its entirety by, and should be read in conjunction with, the information contained in the Memorandum.
- E. Adviser provides investment advisory services to the Partnership based on the investment objective of the Partnership. Adviser does not provide tailored investment advice to the Limited Partners of the Partnership .
- F. Adviser does not participate in and is not a sponsor of any wrap fee programs.
- G. As of December 31, 2023, Adviser manages \$171,255,234.39 in regulatory assets under management on a discretionary basis, all of which belonging to the Partnership. Adviser does not manage non-discretionary assets.

Item 5: Fees and Compensation

- A. As compensation for its management of the Partnership, Adviser will generally receive a quarterly management fee, payable in arrears equal to 0.25% (1.0% per annum) of a Limited Partner’s capital account balance in the Partnership. The management fee will be assessed based on the capital account balance as of the last day of the preceding calendar quarter.
- B. The Partnership pays for all of its ordinary operating and other expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, and expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to

investments); research costs and expenses (including fees for news, quotation and similar information and pricing services); legal expenses (including, without limitation, the costs of on-going legal advice and services, blue sky filings and extraordinary legal expenses); accounting fees and audit expenses; administrative fees; tax preparation expenses and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Partnership; costs of printing and mailing reports and notices; and other similar expenses related to the Partnership.

- C. The Adviser's management fee will be appropriately prorated to reflect any capital contributions to the Partnership which occur during a quarter. Additionally, for Limited Partners making a withdrawal from the Partnership on other than the last day of a quarter, such Limited Partners will be charged a pro rata portion of the management fee based on the number of days elapsed during such quarter and the portion withdrawn.
- D. Adviser does not accept any other compensation other than the fees as described above. Neither Adviser nor any of its supervised persons accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees & Side-By-Side Management

Performance-based compensation is compensation based on a share of the capital gains or capital appreciation of the assets of a client. Performance-based compensation arrangements cause an investment adviser to participate directly in the profits accumulated in a client's account.

Performance-based compensation may create an incentive for the investment adviser to make investments on behalf of a client that are riskier or more speculative than would be the case in the absence of such compensation arrangements.

As described above, the Partnership's does not charge a performance fee to its Limited Partners.

"Side-by-Side Management" refers to a situation in which the same investment adviser manages accounts that are billed based only on a percentage of assets under management (i.e., a management fee only) and, at the same time, manages other accounts that are subject to performance-based compensation arrangements. This creates a conflict of interest because that adviser has an incentive to favor accounts for which the adviser receives a performance-based fee. However, since Adviser only manages the Partnership, it does not conduct side-by-side management of dissimilar advisory accounts.

Item 7: Types of Clients

Adviser provides portfolio management services to the Partnership only.

The minimum initial capital contribution to the Partnership is \$500,000, and existing Limited Partners may make additional capital contributions of not less than \$100,000, all subject to the Adviser's sole discretion to accept subscriptions for lesser amounts. Interests in the Partnership are being offered for investment by up to one hundred (100) persons who are "accredited investors" as defined in Rule 501(a) of Regulation D under the federal Securities Act of 1933.

Note that the Adviser may enter into agreements with certain Limited Partners that will result in different terms of an investment in the Partnership than the terms applicable to other Limited Partners. As a result of such agreements, commonly known as “side letters,” certain Limited Partners may receive additional benefits which other Limited Partners will not receive (e.g., additional information regarding the Partnership’s portfolio, different withdrawal terms, or lower management fee rates or performance allocations). Unless required by contract or by applicable law, generally the Adviser will not notify the other Limited Partners of any such agreement or any of the rights and/or terms or provisions thereof, nor will the Adviser be required to offer such additional and/or different terms or rights to any other Limited Partner.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

- A. The Adviser seeks to achieve the Partnership’s investment objective of long-term capital appreciation through a disciplined, long-term approach. On behalf of the Partnership, the Adviser primarily invests in common stocks of U.S. companies. When purchasing such stocks, the Adviser searches for companies of diverse sizes with the following attributes: (1) favorable long-term prospects, (2) talented and trustworthy management teams, and (3) attractive purchase prices. Adviser utilizes several strategies, methods, and models to make investment decisions. Adviser’s investment analysis methods are based on a foundation of research. This research includes the sourcing and analysis of data on macroeconomic factors, market climate, market conditions, historical data, and business fundamentals. Adviser’s methods primarily include fundamental analysis, and, to a lesser extent, technical analysis, quantitative and cyclical analysis. Our approach may consider economic factors and market conditions. Our research may be drawn from a multitude of sources including (but not limited to): reporting agencies, financial publications, data vendors, exchanges, financial reports, regulatory filings, prospectuses, and rating services.
- B. Investing in securities involves the risk of loss. Investors should be aware of the potential for losses and should be prepared to bear the risk of loss. Adviser may employ numerous strategies across a multitude of asset classes with various risk levels. Adviser may engage in long term holdings, short term trading, short selling, margin transactions, and derivatives trading (including but not limited to: uncovered strategies, covered strategies, cash-secured, and/or spreading strategies). Our potential utilization of margin, options, and short sales may increase the risk of loss, and investors should be aware of these risks as they may experience larger losses as a result of being invested in these strategies than they would have without their use. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Adviser) will be profitable or achieve any specific performance level(s). Adviser does not represent, warrant, or imply that the services or methods of analysis employed by Adviser can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Prospective Partnership investors should carefully consider, in addition to the risks listed below, those specially described in the Memorandum under the heading “Risk Factors.” This list, and the “Risk Factors” described in the Memorandum, while comprehensive, are not exhaustive, and may be limited in nature and may not include all possible risk, potential risk, or unforeseen events that may or may not occur.

- i. General Economic Conditions: The success of the Adviser’s activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of U.S. equity prices and liquidity of the Adviser’s investments.
- ii. Investment Risk: Investment risk involves the probability of loss relative to the expected return on a particular investment. Adviser will make a number of investments in various asset classes and instruments. These investments can vary in risk to reward ratios.
Adviser will endeavor to be regimented and disciplined with regards to analyzing risk-to-reward ratios. With this said, the risk of loss is a probable event as investments can experience unpredictability and times of volatility. Investments can experience unforeseen events and risk can arise suddenly with the ongoing potential to quickly and continuously change the risk profile of any investment at any given time.
- iii. Corporation/Business Risk: Corporations, both public and private, have a risk of decline or failure. A decline in profitability or a decline in the expected profitability can negatively impact the value of both the equity and debt of a company. Investor assets are tied to these values and have a risk of loss associated with a decline in the value of either debt or equity holdings of a company.
- iv. Inflation Risk: Inflation is a function of supply and demand. During this time, demand as well as prices for goods may rise. The supply of money may rise and outweigh demand. Adviser will endeavor to seek to minimize cash holdings during inflationary periods. Adviser may reassess international holdings during this time.
- v. Deflation Risk: Deflation is another function of supply and demand. Increased supply of products or the decrease in the supply of money or a decrease in the liquidity of credit markets may have deflationary effects. These events may occur during an economic contraction. Consumers may delay purchases and borrowings and this may impact corporate earnings and profits. As profits and earnings fall, so may the price and the value of those assets; thus, clients may experience losses associated with these investments. Adviser will endeavor to look for short opportunities as well as defensive positions to stabilize returns during economic contractions. Adviser may increase cash holdings in deflationary periods. Adviser may reassess international holdings during this time.
- vi. Interest Rate Risk: Debt and equity investments have interest rate sensitivity. Fluctuations in interest rates will often impact debt instruments, assets based on debt instruments, a corporation’s ability to borrow, and the cost of borrowing. Investments that are invested in these instruments or derivatives of these instruments may be impacted by a change in interest rates. Investors need to be aware of this risk as it may have a material impact on their investments as interest rates often do change and can negatively impact asset values.
- vii. Credit Risk: Credit risk is the possibility of a loss associated with a borrower’s inability to repay a debt or to meet a contractual obligation. Some investments may be based on instruments with exposure to credit risk. Primarily, we recognize three types of credit risk: credit spread risk, default risk, and downgrade risk. Credit spread is the difference between a risk-free alternative such as a US treasury bond and another debt security. Credit spreads often fluctuate due to changes in the market and economy. In difficult or uncertain economic times these spreads may

widen and can vary from security to security, and some spreads offered may not be enough to justify the risk of default. Default risk is the risk associated with a borrower's ability to meet its contractual obligation to make payments in accordance with the agreed terms. Downgrade risk is the risk related to the potential of a downgrade in the rating of an issuer.

- viii. Currency Risk: Investments made in international assets, in assets denominated in a foreign currency, or in a company with operations or dependent on goods in services originating in foreign countries may be subject to risk relating to exchange rates. The decline or appreciation of a foreign currency in relation to the US dollar may have an adverse economic impact on these investments.
- ix. Emerging Market Risk: Adviser may make investments in emerging market securities. Emerging markets describe investing in developing countries. Emerging markets may undergo faster economic growth or decline than in developed countries. Depending on the stage of development emerging market securities can experience large periods of volatility due to economic, environmental, exports/import, and government changes. The governments in emerging markets can have unstable political scenes that can dramatically alter or impact asset prices during times of unrest or uncertainty. Investments in emerging markets are often subject to currency risk. Adviser will monitor these risks on an ongoing basis for revising investment thesis or plans.
- x. Sector Risk: Sectors are often impacted by events that affect a large portion of companies in that industry. Concentration in a sector can result in prices in those assets all falling in value at the same time. Adviser will endeavor to monitor for sector risk and may rotate in and out of sectors depending on industry events, political events, legal updates, economic conditions/environment. Concentrations in companies of certain sectors may occur and correlated losses may result.
- xi. Long Term Holdings: Adviser will purchase securities and hold them for periods of a year or longer. Adviser will typically employ this strategy under a multitude of conditions. Risk of holding an asset can include without limitation: not reaching a profit by targets or milestones, not realizing any profit, having a short-term profit opportunity that is missed, or a decline in value from the onset. Long term purchases are risky and do not get safer with the passage of time.
- xii. Portfolio Turnover: The Adviser may engage in short-term trading. Short-term trading refers to the practice of selling investments held for a short time, ranging from several months to less than a day. The objective of short-term trading is to take advantage of what the Adviser believes are changes in a market, industry or individual company. Short-term trading increases an account's transaction costs, which could affect performance.
- xiii. Short Selling: Adviser's investment strategies include the potential use of short selling. Short selling involves borrowing a stock that the seller does not own. This borrowed stock is essentially a loan whereby collateral is posted. Stock borrowed will be required to be returned to the lender and a fee will be assessed on the position until it is returned. A borrow fee or stock loan fee will be charged by the brokerage firm for lending stock and rates can vary from security to security. This fee can impact returns and should be recognized as not only a potential cost, but also a risk involved with short selling. Adviser also may utilize strategies by which a short options position is initiated. The short or writing of an option position can result in an assigned position or substantial losses due to an adverse move in the underlying security. Short selling involves a unique risk whereby the loss can be larger than the initial investment. Risk of loss can be substantial as prices typically have no cap or ceiling and losses can mount quickly and continue to occur. If a client has a short position in an instrument that has risen, collateral requirements can change and if not met the brokerage can forcibly liquidate the position. If a large number of liquidations occur in a short period coinciding with large purchases or institutional

buyers, a short squeeze can occur quickly and losses can be substantially greater. Another risk of having a short position is the potential liability for dividend payments. Adviser will endeavor to be prudent and disciplined in its short-selling efforts but all risk and unforeseen events that may impact a securities value cannot be modeled for or planned for.

- xiv. Derivatives Transactions: Adviser may utilize derivatives instruments. Derivatives are named as such because they derive their value from an underlying asset. Derivatives trading strategies that we utilize may include without limitation: uncovered strategies, covered strategies, cash-secured, and/or spreading strategies. Strategies utilized can be standalone trades, spreads, or part of a more complex options overlay strategy. Derivatives instruments or instruments based on derivative instruments may experience more volatility than other instruments or the underlying assets they are based on. Risks associated with derivative investments or instruments may include liquidity and volatility. When volatility expands the bid/ask spread of instruments may widen dramatically affecting the ability to enter or exit at favorable prices or prices close to the theoretical value and thus may have an impact on clients' accounts. If the liquidity of assets dries up, normal available bids and offers may dissipate. These risks may dramatically impact the prices of derivatives and the price at which one can enter or exit a position and thus may result in a negative impact on returns. Derivatives instruments can involve the use of margin and may require cash, cash equivalents, or securities to be posted as collateral. Derivatives can involve the use of leverage and can result in a loss larger to an initial starting balance.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Adviser's advisory business or the integrity of Adviser's management.

Item 10: Other Financial Industry Activities & Affiliations

- A. Neither Adviser 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.
- B. Neither Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Adviser is affiliated with Cunning Capital II, LLC ("CC2"), a North Carolina limited liability company, which acts as the General Partner of a private equity style investment fund for David Russell Cunningham's family estate purposes, Cunning Capital Ventures, LP, a Delaware limited partnership ("CCV"). The principal owners of Adviser (David Russell Cunningham and Elizabeth Leigh Foreman) are also the principal owners of CC2. CCV is in the process of disposing its last holding, and CC2 does not receive compensation from CCV. Adviser does not recommend CCV to Adviser's clients or investors in the Partnership. The time and attention Mr. Cunningham and Ms. Foreman devote to CCV through CC2 is minimal. Nevertheless, this situation creates a potential conflict of interest with respect to Mr. Cunningham and Ms. Foreman's business time. In order to mitigate

potential conflicts, Adviser discloses information about CC2 in this Brochure and relevant Brochure Supplements. Adviser does not believe that this structure creates a material conflict of interest with respect to the Partnership or its investors.

- D. Adviser does not have any other relationship or arrangement with any related person listed below (beyond those discussed above) that is material to its advisory business or to clients:
- i. broker-dealer, municipal securities dealer, or government securities dealer or broker
 - ii. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
 - iii. other investment adviser or financial planner
 - iv. futures commission merchant, commodity pool operator, or commodity trading advisor
 - v. banking or thrift institution
 - vi. accountant or accounting firm
 - vii. lawyer or law firm
 - viii. insurance company or agency
 - ix. pension consultant
 - x. real estate broker or dealer
 - xi. sponsor or syndicator of limited partnerships
- E. Adviser will not select, recommend, and/or refer clients to other outside advisers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

- A. Adviser has adopted a code of ethics that will be provided to any client or prospective client upon request. Adviser's code of ethics describes the standards of business conduct that Adviser requires of its supervised persons, which is reflective of Adviser's fiduciary obligations to act in the best interests of its clients. The code of ethics also includes sections related to compliance with securities laws, reporting of personal securities transactions and holdings, reporting of violations of the code of ethics to Adviser's Chief Compliance Officer, pre-approval of certain investments by access persons, and the distribution of the code of ethics and any amendments to all supervised persons followed by a written acknowledgement of their receipt.
- B. Neither Adviser nor any of its related persons recommends to clients, or buys or sells for client accounts, securities in which Adviser or any of its related persons has a material financial interest.
- C. From time to time, Adviser or its related persons will invest in the same securities (or related securities such as warrants, options or futures) that Adviser or a related person recommends to clients. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to profit from the investment recommendations made to clients. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its clients.
- D. From time to time, Adviser or its related persons will buy or sell securities for client accounts

at or about the same time that Adviser or a related person buys or sells the same securities for its own (or the related person's own) account. This has the potential to create a conflict of interest because it affords Adviser or its related persons the opportunity to trade either before or after the trade is made in client accounts, and profit as a result. Adviser's policies and procedures and code of ethics address this potential conflict of interest by prohibiting such trading by Adviser or its related persons if it would be to the detriment of any client and by monitoring for compliance through the reporting and review of personal securities transactions. In all instances Adviser will act in the best interests of its clients.

Item 12: Brokerage Practices

- A. Adviser will have complete discretion regarding the selection of brokers for the Partnership and the amount of brokerage commissions and fees paid to such brokers, and this determination will be based upon the following factors: (1) where the best execution (price) is likely to be obtained; (2) a brokerage firm's research and investment ideas that directly impact the Partnership's portfolio; (3) a firm's ability to properly execute any orders (based on the size of the trade and its complexity to execute); (4) the operational aspects of the brokerage firm's back office (will the accounts receive payment of securities on a timely basis) and custodian or other administrative services; (5) industry reputation of the broker; (6) financial strength and capital position; and (7) error correction capabilities. "Best execution" is not synonymous with lowest brokerage commission. Consequently, Adviser may pay a brokerage commission in excess of that which another broker might have charged for executing the same transaction for other investment funds similar to the Partnership. After considering the factors above, Adviser has selected Interactive Brokers, LLC (the "Broker") as the custodial broker-dealer for the Partnership.
 - i. Although Adviser does not currently have any "soft dollar" arrangements in place, Adviser may generate "soft dollars" with respect to the Partnership's trades. If it does so, Adviser intends to comply with the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under "soft dollar" arrangements, the Partnership's brokerage firms would provide or pay the costs of certain services, equipment or other items for the benefit of the Partnership, Adviser, or one or more of their affiliates in consideration of the allocation to the firm of brokerage transactions (with resulting commission income) made on behalf of the Partnership on both an agency and net basis. Services that may be furnished or paid for by brokers or dealers may include, without limitation (in addition to the research products and services described below) special execution capabilities, clearance, settlement, net pricing, online pricing, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, performance measurement data, consultations, financial strength and stability, efficiency of execution, availability of stocks to borrow for short sales, custody, recordkeeping and similar services. Although these soft dollar arrangements may benefit the Partnership and Adviser by reducing their respective expenses, the amount of the fees payable to Adviser will not be reduced. Because such services could be considered to benefit Adviser and its affiliates, and the "soft dollars" used to acquire them are the assets of the Partnership, Adviser would have a conflict of interest in allocating brokerage business on behalf of the Partnership. Nonetheless, Adviser believes that to the extent it makes allocations to brokerage business with soft dollar arrangements, this would generally enhance the ability to obtain research, optimal execution and other benefits on behalf of the Partnership. The Partnership will not necessarily benefit from all such soft dollar services, however. Adviser may also derive substantial benefits from these services, particularly to the extent that Adviser

uses soft dollars to pay for expenses it would otherwise be required to pay itself. Furthermore, because the extent of the products and services provided by these brokers will be based largely on the volume of commissions generated by the Partnership's trading activities, soft dollar arrangements may create an incentive for Adviser to increase the volume of the Partnership's trading activities.

- ii. Adviser does not consider, in selecting or recommending custodial broker-dealers, whether Adviser or a related person receives client referrals from a custodial broker-dealer or third-party.
 - iii. Adviser does not routinely recommend, request, or require that a client direct Adviser to execute transactions through a specified custodial broker-dealer.
- B. Adviser retains the ability to aggregate the purchase and sale of securities for clients' accounts with the goal of seeking more efficient execution and more consistent results across accounts. Aggregated trading instructions will not be placed if it would result in increased administrative and other costs, custodial burdens, or other disadvantages. If client trades are aggregated by Adviser, such aggregation will be done so as to not to disadvantage any client and to treat all clients as fairly and equally as possible.

Item 13: Review of Accounts

- A. Adviser reviews the Partnership's investment activities on a continual basis to determine their conformity with relevant investment objectives and guidelines. These reviews are conducted by the Adviser's co-principals, David Russell Cunningham and Elizabeth Leigh Foreman. Additional intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or by changes in the effectiveness of a given strategy or approach.
- B. The Partnership's books of account will be audited at the end of each fiscal year by a firm of certified public accountants selected by the Adviser. Books of account will be kept by the Partnership, in accordance with GAAP. The Adviser will furnish audited financial statements to all Limited Partners within 90 days, or as soon thereafter as is reasonably practicable, following the conclusion of each fiscal year. In addition, all Limited Partners will receive the information necessary to prepare federal and state income tax returns following the conclusion of such fiscal year as soon thereafter as is reasonably practicable. Limited Partners will also receive unaudited performance reports and such other information as the Adviser determines on a monthly basis.

Item 14: Client Referrals and Other Compensation

- A. Adviser does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients.
- B. Neither Adviser nor any related person directly or indirectly compensates any person for client referrals who is not Adviser's supervised person.

Item 15: Custody

Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them. Adviser is deemed to have custody of client funds or securities for purposes of Advisers Act Rule 206(4)-2 (the "Custody Rule") because it serves as General Partner to the Partnership, has a general power of attorney over the Partnership's accounts, and it has the ability to deduct advisory fees payable to it from the Partnership. Qualified custodians maintain custody of Partnership assets and securities. The custodians for the Partnership are identified in Adviser's Form ADV, Part 1.

The Partnership is subject to an annual audit by an independent public accounting firm that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB"). These audited financial statements are distributed to the Partnership's Limited Partners within 120 days of the end of the Partnership's fiscal year. Due to the provision of the annual audit by a PCAOB auditor, the specific provisions of the Custody Rule regarding provision of account statements are not applicable. Note however, that on a monthly basis, Adviser will provide Limited Partners with monthly reports which set forth the net asset value or capital account balance of the Limited Partners' interests.

Item 16: Investment Discretion

Adviser is not limited in its authority to purchase securities for the Partnership. Adviser has full discretion and authority to make all investment decisions with respect to the types of securities to be bought or sold or the amount of securities to be bought or sold for the Partnership. Despite this broad authority, Adviser is committed to adhering to the investment strategy and program set forth in the Memorandum. Adviser provides all potential investors in the Partnership with the Memorandum that sets forth, in detail, Adviser's investment strategy and program with respect to the Partnership.

Item 17: Voting Client Securities

Adviser does not have and will not accept authority to vote client securities.

Item 18: Financial Information

- A. A balance sheet is not required to be provided because Adviser does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.
- B. Adviser does not have any financial impairment that will preclude it from meeting contractual commitments to clients.
- C. Adviser has not been the subject of a bankruptcy petition at any time during the last 10 years.