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## **Stonecutter Capital Advisors LLC**

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

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This brochure provides information about the qualifications and business practices of Stonecutter Capital Advisors LLC (“SCA”) and its relying adviser, Stonecutter Ventures LLC (“Ventures”) (together with SCA, the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (404) 348-4048. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about SCA is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### **Stonecutter Capital Advisors LLC**

##### **Stonecutter Ventures LLC**

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March 29, 2024

## **Item 2**

### **Material Changes**

The last annual amendment of this Form ADV Part 2A brochure (the “Brochure”) was on March 29, 2023. The following is a summary of material changes to the Brochure since its last annual amendment.

On August 24, 2023, the Brochure was further updated throughout to address that Stonecutter Ventures LLC (“Ventures”), an investment adviser to certain venture capital funds, registered as a relying adviser of Stonecutter Capital Advisors LLC (“SCA”).

**Item 4 Advisory Business** has been updated to reflect the addition of Ventures’ advisory services, including the investment vehicles advised by Ventures. Since this Brochure’s update on August 24, 2023, the Adviser has removed references to the following Clients that were dissolved and no longer held funds or securities as of December 31, 2023: Stonecutter Common Interest Investors, Stonecutter TenantBase Investors, Stonecutter TenantBase II Investors, and Stonecutter Virtual Manager Investors.

**Item 5 Fees and Compensation** has been updated to include information relevant to the management fees and other fees for Ventures’ Clients.

**Item 8 Methods of Analysis, Investment Strategies, and Risk of Loss** has been updated to include certain material risks relevant to Ventures’ investment strategy.

### Item 3

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## **Item 4**

### **Advisory Business**

Stonecutter Capital Advisors LLC, a Delaware limited company, was formed in September 2020. Its principal place of business is in New York, New York, and it has another office in Atlanta, Georgia and Greensboro, North Carolina. Robert Kunzweiler and Scott Barry Zucker (the “SCA Principals”) are SCA’s managing members. Messrs. Kunzweiler and Zucker each own 50% of the interests in SCA. The SCA Principals control all of SCA’s operations and activities and are also the primary portfolio managers for SCA.

Stonecutter Ventures LLC, a Delaware limited company, was formed in April 2018. Its principal place of business is in New York, New York, and it has another office in Atlanta, Georgia. The Stonecutter Ventures Principals (Messrs. Kunzweiler, Zucker and Samuel Cole) are the Ventures’ managing members, each of whom owns 33.3% of the interests in Ventures. The Stonecutter Ventures Principals control all of Ventures’ operations and activities and are also the primary portfolio managers for Ventures.

#### ***Advisory Services (SCA)***

SCA provides advisory services to privately offered pooled investment vehicles (“Funds” or “Clients”). SCA primarily focuses on providing advice regarding the acquisition, financing, repositioning, management strategy, restructuring and disposition of multifamily and commercial real estate properties, investment in notes secured by such properties, and investment in other real estate-related securities.

SCA currently provides investment advisory services to the following Funds, as well as other Funds that are special purpose vehicles and co-investment vehicles:

- The Stonecutter Opportunity Fund: This Fund focuses on all property types, except multifamily, and all geographic sectors of the U.S. investments and may include any real estate or real estate-related financial instruments.
- The Stonecutter Multifamily Fund: The Multifamily Fund focuses on U.S. markets demonstrating positive demographic and economic development trends. Investments may include multifamily properties with stable cash flow, with the potential to add value, that are acquired opportunistically, and/or that are to be built, ground-up developments.
- The Stonecutter Multifamily Fund II: Multifamily Fund II will focus on U.S. markets demonstrating positive demographic and economic development trends. Investments may include multifamily properties that are to be built, ground-up developments, or investments that are acquired opportunistically, with the potential to add value and/or with stable cash flow.

SCA advises Funds that rely on an exemption or exception from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the Funds’ interests are offered pursuant to an exemption from registration under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”). Accordingly, interests in such Funds managed by SCA are offered and sold exclusively to investors satisfying the applicable eligibility requirements for such Funds.

SCA manages each Fund in accordance with each Fund’s governing agreement, investment management agreement, offering memorandum, or other documentation governing the relationship between the Adviser and the Fund (collectively, “Governing Documents”). Any Fund’s restrictions on investments are set forth

in each respective Fund's Governing Documents. With respect to the Funds, the Adviser does not tailor its investment advice to the individual investors in each Fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the Funds. Subject to applicable law and each Fund's Governing Documents, the sponsor, general partner, managing member (or equivalent) of a Fund (collectively, the "General Partner") may enter into side letter arrangements with certain investors that have the effect of altering or supplementing the terms of such investors' investments in a Fund, including waivers or reductions of fees, access to portfolio information, rights to make withdrawals, and circumstances under which withdrawals are required.

SCA does not participate in any wrap fee programs.

### ***Advisory Services (Ventures)***

Stonecutter Ventures also provides advisory services to its Clients. Ventures primarily focuses on providing advice regarding the acquisition, financing, repositioning, management strategy, restructuring and disposition of operating businesses to Funds pursuing a venture capital strategy.

Ventures currently provides investment advisory services to the following Clients, as well as other Clients that are special purpose vehicles and co-investment vehicles:

- Stonecutter Esports Investors: Investment in a portfolio company that provides global esports programming and technology and caters to game publishers, esports leagues, corporate sponsors and fans.
- Stonecutter Feazel Investors: Investment in a portfolio company that provides roofing, siding, windows and solar products to residential and multifamily customers.
- Stonecutter Phosphate Investors: Investment in a portfolio company that makes phosphoric acid for use in fertilizer and lithium iron phosphate batteries, and reprocesses existing phosphogypsum waste into safer, useful products.

Like SCA, Ventures advises Clients that rely on an exemption or exception from registration under the Investment Company Act, and the Funds' interests are offered pursuant to an exemption from registration under Regulation D of the Securities Act. Accordingly, interests in the Funds managed by Ventures are offered and sold exclusively to investors satisfying the applicable eligibility requirements for such Funds.

Ventures manages each Fund in accordance with each Client's Governing Documents. Any restrictions on investments are set forth in the Governing Documents. Ventures does not tailor its investment advice to the individual investors in each Fund that it manages. As such, investors cannot impose restrictions on the types of investments made through the Fund. Subject to applicable law and each Client's Governing Documents, the General Partner of a Client generally has the authority to enter into side letter arrangements with certain investors that have the effect of altering or supplementing the terms of such investors' investments in a Client, including waivers or reductions of fees, access to portfolio information, rights to make withdrawals, and circumstances under which withdrawals are required.

Stonecutter Ventures does not participate in any wrap fee programs.

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

As of December 31, 2023, the Adviser manages approximately \$380.5 million of client assets on a discretionary basis. The Adviser does not currently provide non-discretionary advice.

The information regarding the Funds described in this Brochure summarizes portions of the detailed information provided in each Fund's Governing Documents. Current and prospective investors in any Fund launched by the Adviser should be aware of the substantial risks associated with the investment as well as the terms applicable to such investment. This and other detailed information are provided in each respective Fund's Governing Documents.

## Item 5

### Fees and Compensation

The Adviser provides investment advisory services to the Funds pursuant to each Fund's respective Governing Documents. The Governing Documents for each Fund set forth, in detail, the fee structure relevant to each Fund.

As outlined in greater detail in each Fund's Governing Documents, the Adviser receives the fees described generally below:

#### Management Fees.

*Management Fees for SCA Funds:* SCA deducts fees from the relevant Fund's account held at a qualified custodian, based on a percentage of capital the Fund's investors have committed or contributed to the Fund, as applicable ("Management Fee"). The Management Fees for each SCA Fund are generally 1.5% per annum of capital commitments during the relevant Fund's investment period, and 1.5% per annum of contributed capital thereafter. For investors who have committed over \$1 million, Management Fees for each Fund generally are 1.0% per annum of capital commitments during the relevant Fund's investment period, and 1.0% per annum of contributed capital thereafter. SCA deducts an SCA Fund's Management Fees directly from the Fund's account held at a qualified custodian in advance, on, or promptly after the first day of each fiscal quarter. Each Fund's Management Fees payable to SCA are prorated for any period of less than a full fiscal quarter, provided that no Management Fees, once paid, will be refunded by SCA.

*Management Fees for Ventures Funds:* Ventures may likewise deduct fees from the relevant Fund's account held at a qualified custodian. The Ventures Funds are subject to a Management Fee that is generally an asset-based fee ranging from 0% to 1.0% per annum of capital commitments during the relevant Fund's investment period, but can also take the form of a fixed fee. In addition, other fees may be assessed on the Ventures Funds, as outlined in each Fund's Governing Documents.

#### Performance-Based Fees/Carried Interest:

As discussed in greater detail below, and as described more fully in the relevant Fund's Governing Documents, the Adviser or an affiliate may also receive performance-based compensation ("Carried Interest") as a percentage (generally 20%) of the Funds' net realized profits in excess of specified investment returns.

The Adviser reserves the right to negotiate, waive, reduce, or calculate differently the Management Fee and Carried Interest for certain Fund investors, including members, employees and affiliates of the Adviser. Neither the Funds' General Partner nor the Adviser, its affiliates, principals, employees or immediate family members are charged the Management Fee or Carried Interest. Investors in a Fund should refer to the applicable Governing Documents for specific information regarding the fees associated with their investment.

#### Other Fees and Expenses.

In certain instances, SCA will select a property manager to perform the day-to-day management of real estate properties in which an SCA Fund invests, including maintenance, repair, and operation of the portfolio properties. SCA also expects to select development partners that will be responsible for any construction coordination, development, or other special services with respect to a SCA Fund's real estate investment. As compensation for their services, such property managers and development partners will be entitled to a fee aligned with the prevailing market rate for comparable services. These property manager and development partner fees are payable by the SCA Funds that invest in the applicable properties receiving management/development services.

From time to time, SCA expects to select a property manager that is affiliated with SCA. SCA's affiliates may also be entitled to a portion of the fee paid to development partners, provided that such overall fees will be in line with market rates for comparable services. In such circumstances, SCA and the SCA Principals have a financial incentive to select an affiliated property manager or a development partner that causes SCA's affiliates to receive direct or indirect compensation, rather than an unaffiliated property manager or a development partner that does not entitle SCA's affiliates to a portion of the development fees. To address these conflicts of interest, SCA has developed policies and procedures to ensure that appropriate property managers and development partners are selected for any portfolio properties, and that such selection process is consistent with SCA's fiduciary duty to its clients.

The Funds generally bear all offering, organizational and start-up expenses ("Organizational Expenses"), which may be subject to certain limits as detailed in each Fund's Governing Documents. To the extent that Organizational Expenses exceed a Fund's limit, the General Partner of the Fund bears the expenses, or the expenses will be offset against the Fund's Management Fee. Organizational Expenses include, but are not limited to, legal, travel, accounting, filing and capital raising (excluding placement fees or commissions), and other expenses incurred in connection with the offering and formation of the Fund.

The Funds also generally pay all costs and expenses relating to the operation and administration of the Funds, any subsidiaries of the Funds, and any other investment vehicles created for the purpose of investing directly or indirectly in the Fund ("Fund Expenses"). With SCA, such Fund Expenses include, without limitation: (i) legal, auditing, consulting and accounting expenses; (ii) third party administrative and Fund administration fees and expenses; (iii) costs associated with the preparation and delivery of reports, financial statements and any tax reporting (including tax returns and Schedule K-1s to Partners); (iv) valuation expenses; (v) expenses of meetings of the Partners; (vi) expenses of the Advisory Committee (defined below); (vii) all expenses associated with the acquisition, holding and disposition of actual and potential investments, whether or not such investments are ultimately consummated by the Fund (including engineering, appraisers, consultants, architects, due diligence, research and any travel associated therewith); (viii) real estate and financing broker commissions; (ix) custodial fees; (x) bank service fees; (xi) all extraordinary expenses (such as litigation); (xii) all indemnification and insurance expenses (including for directors, managers and officers' liability insurance); (xiii) interest on and fees and expenses arising out of all permitted borrowings of the Fund, including, without limitation, in connection with any subscription line indebtedness; (xiv) all expenses of liquidating the Fund; (xv) any taxes, fees or other governmental charges levied against the Fund; and (xvi) all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund. The Adviser reserves the right to reduce or waive some or all Fund Expenses for certain investors in the Funds, including for investors who are affiliated with the Adviser.

In certain instances, the Adviser, its affiliate, or a Fund has engaged with and compensated a third-party service provider that is associated with a Fund investor in exchange for services provided to a Fund in which such investor has invested. For example, SCA will, at times, pay a real estate financing or broker fee to a mortgage broker in exchange for sourcing a potential portfolio property for a Fund and securing financing to acquire such property, while an investor in the same Fund is either employed by, or serves as a director, partner, or member of, such mortgage broker. Where the Adviser or its affiliate engages a service provider that is associated with a Fund investor, a conflict of interest could arise with respect to the Adviser's selection and compensation of such service provider. The Adviser seeks to mitigate such conflict by following policies and procedures requiring the Adviser to compensate each service provider at a prevailing market rate for the services it provides as determined by the Adviser's due diligence of comparable service providers in the applicable industry.

Similarly, in certain instances, Ventures may receive fees and expense reimbursement from a Fund. The fees may be in connection with the purchase, monitoring or disposition of investments or in connection with un consummated transactions (*e.g.*, transaction, directors', consulting, management, investment banking, advisory, closing, topping, break-up and other similar fees). Instances may arise also in which the interests of Ventures may potentially or actually conflict with the interests of the Client. In addition, certain inherent conflicts of interest arise from the fact that the Fund manager and the Fund are affiliated entities. To address these conflicts of interest, and as noted above, the Adviser developed policies and procedures to ensure the appropriate mitigation or resolution of such conflicts in a manner that is consistent with the Adviser's fiduciary duty to its investors.

Fees for additional services vary from Fund to Fund. For a more complete discussion regarding fees and expenses applicable to a particular Fund, please refer to the appropriate Governing Documents.

Neither the Adviser nor its supervised persons receives commissions or other selling compensation in connection with the sale of securities or other investment products.

## **Item 6**

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

In certain instances, and as set forth in each applicable Fund's Governing Documents, the Adviser receives performance-based compensation, including Carried Interest, as a percentage of the Funds' net realized profits in excess of specified investment returns. The existence of this arrangement creates an incentive for the Adviser to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of the performance-based compensation. Also, the Adviser intends to simultaneously manage multiple Funds that pay different levels of performance-based compensation, which creates a conflict of interest as the Adviser has an incentive to favor Funds with the potential to receive greater fees. For instance, the Adviser is faced with a conflict of interest when allocating scarce investment opportunities, given the possibly greater fees from Funds that pay higher performance-based compensation.

The Adviser has addressed these types of conflicts through policies and procedures under which allocation decisions may not be influenced by fee arrangements, and investment opportunities are allocated in a manner the Adviser believes is consistent with its fiduciary obligations as an investment adviser, as well as in accordance with the applicable provisions in the relevant Fund's Governing Documents. The Adviser's allocation policies and procedures are designed to identify, manage and, where possible, mitigate these and other conflicts of interest.

## **Item 7**

### **Types of Clients**

The Adviser provides investment advisory services on a discretionary basis to the Funds, and may, in the future, provide advisory services to separately managed accounts. The Adviser does not currently intend to offer separately managed accounts to “retail investors,” as defined by Rule 204-5(d)(2) under the Advisers Act of 1940, as amended (“Advisers Act”), as well as the General Instructions to Form CRS. Investors in the Funds generally consist of high-net-worth individuals, trusts, and estates, and may also consist of other sophisticated investors including institutional investors. The Funds are neither registered under the Investment Company Act, nor are their interests registered under the Securities Act. Instead, the Funds rely on an exemption from registration under the Investment Company Act, and their interests are offered in private placement transactions in the United States or in offshore transactions. Accordingly, interests in such Funds managed by the Adviser are offered and sold exclusively to investors satisfying the applicable eligibility requirements for such Funds in compliance with applicable federal securities laws and regulations. Note that the investors in the Funds are not clients of the Adviser by virtue of their investment in a Fund.

Each Fund’s Governing Documents impose a minimum contribution for investment. The Adviser or a Fund’s General Partner may waive the minimum investment or contribution with respect to any Fund in its sole discretion.

## Item 8

### Methods of Analysis, Investment Strategies and Risk of Loss

#### Methods of Analysis and Investment Strategies.

SCA primarily focuses on providing advice regarding investments in multifamily and commercial real estate properties, notes secured by such properties, and investment in other real estate-related securities.

##### *Multifamily Real Estate Strategy*

The objective of SCA's multifamily strategy for the Stonecutter Multifamily Fund ("Fund I") is to achieve both capital appreciation and cash flow for Fund I portfolios by acquiring multifamily real estate properties (and potentially notes secured by such properties) in secondary and tertiary markets in the United States that (i) offer strong ongoing cash flow, or a value add opportunity through improved management or property upgrades; (ii) are owned by poorly capitalized or otherwise distressed owners with insufficient resources or incentive to fund needed capital improvements and/or debt service; (iii) are owned by sellers that may not be able to refinance maturing mortgage loans; and (iv) are being sold by lenders who are disposing of properties acquired through foreclosure or controlled via forbearance agreements, or are otherwise selling debt instruments. The strategy seeks to create value by renewing tenants in order to bring in-place rental rates up to current market rates. SCA will also seek to partner with developers to develop new multifamily properties, most likely in North and South Carolina. This strategy seeks to create value through development efficiencies and optimizing capital and leverage structure.

The objective of SCA's multifamily strategy for Multifamily Fund II ("Fund II") is similar to the Fund I strategy. SCA will seek to generate capital appreciation as well as current cash flow through investments in multifamily and other residential rental real estate, broadly defined (and potentially notes, secured by such properties), with the objective of building a portfolio of multifamily investments that are expected, as a portfolio, to achieve Fund II's target returns over Fund II's term. SCA will have broad discretion to pursue new development, construction, opportunistic, pre-stabilized, value-add, and core/stabilized investment strategies. While Fund II may invest anywhere in the U.S., SCA intends to focus on markets in the Sun Belt, especially its core Southeastern markets.

##### *Opportunistic Real Estate Strategy*

The objective of SCA's opportunistic real estate strategy is to achieve capital appreciation for Fund portfolios by acquiring investments in, among others, distressed commercial real estate, complex transactions (such as transactions involving multiple, disparate stakeholders, short sales, or inchoate tax liabilities), notes or liens secured by non-multifamily real estate assets, and assets requiring adaptive reuse. This strategy does not intend to invest in multifamily properties. Potential sellers are expected to include, among others: (i) owners of commercial properties that are experiencing distress; and (ii) disinterested sellers, such as financial institutions, loan pool purchasers, and REITs. SCA will look to leverage special situations and capital markets expertise to source investments outside of multifamily, where assets are experiencing distress both sooner and more acutely.

##### *Investment Process*

SCA seeks generally to invest in non-institutional level assets, typically in secondary and tertiary markets, and, following demographic and economic trends, largely in the Sun Belt. SCA relies also

upon its extensive network of brokers, known sellers, lenders, and others to source investments, including “special situation” and off-market transactions. Investments may include properties providing current cash flow as well as value-add and turnaround opportunities. Investments are evaluated through extensive market research combined with on-site inspections and investigation of comparable properties and SCA’s modeling and stress testing, together with legal and other due diligence reviews. The specific objectives and strategies for each Fund are described in their Governing Documents. Following this evaluation process, investment decisions are made by the SCA Principals.

Ventures generally focuses on providing advice to its Funds using a venture capital strategy to invest primarily in certain qualifying entities in real estate-adjacent and other businesses. The investment strategy will vary depending on the Fund and/or the portfolio company, but generally involves holding the investment in an entity for a period of several years with the goal that the entity’s business will grow in new and existing markets, and then selling the entity.

#### Material Risks.

**Investing in securities involves substantial risks that Clients and investors should be prepared to bear. Many factors affect a Fund’s performance. There is no assurance a Fund will meet its investment objective. The value of an investment in a Fund, as well as the amount of return received on that investment, may fluctuate significantly. An investor may lose part or all of their investment in a Fund or the investment may not perform as well as other similar investments. A summary of the material risks associated with the Adviser’s investment strategies is set forth below.**

**The information contained in this Brochure cannot disclose every potential risk associated with an investment strategy, or all of the risks applicable to the Adviser or a particular security or investment. Rather, it is a general description of the nature and risks of the advisory services provided by the Adviser and the related investments. This summary is qualified in its entirety by reference to the Governing Documents that apply to each of the Funds managed by the Adviser. Fund investors should carefully read such documentation before making an investment.**

#### Material Risks for Both SCA and Ventures.

##### *Investment Risk*

There can be no assurance that the strategies employed by the Adviser will be successful or will achieve their investment objectives. No rate of return has been promised to any investor and there can be no assurance investors will receive any return on their investment.

##### *Restrictions on Disposition of Fund Interests*

The Funds’ interests are offered without registration under the Securities Act, in reliance upon an exemption contained in the Securities Act, certain restrictions on transferability preclude an investor’s disposition and transfer of the Fund’s interests other than pursuant to an effective registration statement or in accordance with an exemption from registration contained in the Securities Act. In addition, the Funds’ Governing Documents generally require that the consent of the Fund’s general partner be obtained before Fund investors can transfer a Fund interest. In light of the restrictions imposed on the transfer of Fund interests, and in light of the fact that Fund investors may not have the right to withdraw from the Fund (unless permitted by the general partner in its discretion), investments in the Funds should be viewed as illiquid and subject to risk.

### *Illiquidity of Fund Investments*

Real estate, securities or other assets owned or acquired by a Fund may not have an active market or may cease to have a market after the Fund has invested in them. In such cases, and in the event of market activity and dislocation (including volatility, widening of spreads and illiquidity), the Adviser may not be able to promptly liquidate the Funds' investments. The liquidity of a particular investment can deteriorate rapidly, particularly during times of market turmoil, and those investments may be difficult or impossible for a fund to sell. This may prevent a Fund from limiting losses. In addition, the sales of thinly traded or illiquid investments by the Adviser could depress the market value of such investments and thereby reduce the Fund's profitability or increase its losses. Some investments may also be subject to contractual or legal restrictions on their sale. Consequently, a Fund may not be readily able to liquidate its investments.

### *Market Risk and Volatility*

Markets at times can be illiquid and/or volatile and this can affect a Fund's ability to initiate, close out or hedge positions on appropriate terms. Price movements result from market participants' supply and demand and are in addition governed by factors difficult to predict or control (e.g., changes in regulations or political tensions).

The value of a Fund may rise and fall, sometimes rapidly or unpredictably, due to general market conditions, such as overall economic trends or events, government actions or interventions, recessions, market disruptions caused by trade disputes or other factors, political factors, the spread of infectious illness or other public health issues, such as global pandemics like COVID-19, or adverse investor sentiment. Adverse market conditions may be prolonged, and movement in the value of a Fund's portfolio may be volatile.

In the past decade, financial markets throughout the world have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. Governmental and non-governmental issuers defaulted on, or were forced to restructure, their debts. These market conditions may continue, worsen or spread.

The U.S. government and the Federal Reserve, as well as certain foreign governments and central banks, took steps to support financial markets during the last decade, including by keeping interest rates at historically low levels. This and other government interventions may not work as intended, particularly if the efforts are perceived by investors as being unlikely to achieve the desired results. The Federal Reserve may reduce its market support activities. Further reduction or withdrawal of Federal Reserve or other U.S. or non-U.S. governmental or central bank support, including interest rate increases, could negatively affect financial markets generally, increase market volatility and reduce the value and liquidity of the assets in which a Fund invests.

Policy and legislative changes in the United States and in other countries are affecting many aspects of financial regulation and may in some instances contribute to decreased liquidity and increased volatility in the financial markets. The impact of these changes on the markets, and the practical implications for market participants, may not be fully known for some time.

Economies and financial markets throughout the world are increasingly interconnected. Economic, financial or political events, trading and tariff arrangements, terrorism, technology and data interruptions, natural disasters, infectious illness or other public health issues, and other circumstances could be highly disruptive to, and have profound impacts on, economies or markets, and can negatively affect the Funds.

### *Competition*

The Adviser and the Funds may face increasing competition for investment opportunities, which could delay deployment of capital, reduce returns and result in losses. The Ventures Funds in particular are

generally small, and will often compete against larger, more experienced companies in their respective industries with greater access to resources, in addition to other start-ups with new and innovative products in the same space.

#### *Legal and Regulatory Risk*

The securities industry and real estate industry are extensively regulated by a variety of U.S. federal and state regulatory authorities and are subject to frequent changes in law and regulation. The adoption of new legislation or changes in or new interpretations of existing laws or regulations can have a significant impact on methods of doing business, costs of doing business and amounts of reimbursement from governmental and other agencies. In addition, 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 a Fund to pursue its investment program and the value of investments held by a Fund. There has been an increase in scrutiny of the alternative investment industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of a Fund to pursue its investment program or conduct business with counterparties could have a material adverse effect on a Fund. For example, the SEC adopted the Private Fund Advisers Rule that has the potential to increase regulatory compliance costs, reporting costs, and impact the Advisor's ability to offer or provide certain terms, rights, or information to Funds and their investors, or obtain certain terms, rights, or information from portfolio funds in which a Fund may invest.

#### *Acts of God and Geopolitical Risks*

The performance of the Funds could be impacted by Acts of God or other unforeseen and/or uncontrollable events (collectively, "Disruptions"), including, but not limited to, natural disasters, public health emergencies (including any outbreak or threat of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola, or other existing or new pandemic or epidemic diseases), terrorism, social and political discord, geopolitical events, national and international political circumstances, and other unforeseen and/or uncontrollable events with widespread impact. These Disruptions may affect the level and volatility of security prices and liquidity of any investments. There is a risk that unexpected volatility or lack of liquidity will impair an investment's profitability or result in its suffering losses. Economies and financial markets throughout the world are becoming increasingly interconnected, which increases the likelihood that events or conditions in one country or region will adversely impact markets or securities industry participants in other countries or regions.

The extent of the impact of any such Disruption on the Adviser, the Funds, and any underlying portfolio investments' operational and financial performance will depend on many factors, including the duration and scope of such Disruption, the extent of any related travel advisories and restrictions implemented, the impact of such Disruption on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its interference with important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. A Disruption may materially and adversely impact the value and performance of any investment, the Adviser's ability to source, manage and divest investments, and the Adviser's ability to achieve the Funds' investment objectives, ultimately resulting in significant losses to the Funds. In addition, there is a risk that a Disruption will significantly impact the operations of the Adviser, the Funds, and their underlying portfolio investments, or even temporarily or permanently halt their operations.

#### *Cybersecurity*

With the increased use of digital and network technologies, and the increased dependence on computer systems to perform ongoing business and operational functions/conduct business, the Adviser and its service providers are susceptible to operational, information security and related risks resulting from cyber incidents and attacks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes

of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting the Adviser have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, and/or reimbursement or other compensation costs. The Adviser may also incur substantial costs related to cyber security risk management, compliance, and remediation. Similar types of cybersecurity risks also are present for the underlying assets in which the Funds invest, which could result in material adverse consequences and cause the Funds' investments in such assets to lose value.

#### *Dependence on Key Personnel*

The Adviser has only a limited number of principals and relies on the services of key personnel. If one or more of such principals or key personnel were to become unavailable, such unavailability might have a material and adverse effect on a Fund and its performance.

#### *Operational Risk*

The success of the Funds depends on the ability of the Adviser to operate effectively and efficiently. There is the risk of loss resulting from inadequate or failed procedures, systems, or policies of the Adviser, and may include, among others, employee errors, systems failures, criminal activity, cyber-breaches or other external events that significantly disrupt business operations.

#### Material Risks for SCA.

##### *Real Estate*

Generally speaking, there is no readily available market for the real estate properties in which the SCA Funds invest (each, a "Property", and together, the "Properties"), and it is not anticipated that any such market will develop. The Properties may also be subject to contractual or legal restrictions on their sale. In addition, even if a Fund desires in the future to seek liquidity through a sale of a Property, it is possible that no purchaser is willing to pay a price satisfactory to the Fund at such time. Consequently, investors may not be able to liquidate their investment.

Real property investments are subject to varying degrees of risk. The returns available from investments in real estate depend on the amount of income generated and expenses incurred. If the investments of a Fund do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, the Fund's cash flow and ability to make distributions to its investors will be adversely affected. Operating results will be subject to risks generally incident to the ownership of real estate, including, but not limited to, (i) changes in the national and local economic climate; (ii) changes in the supply of or demand for similar or competing properties in the areas in which the Fund has investments; (iii) changes in population or employment in the regions in which the Properties are located; (iv) changes in tenant preferences that may reduce the attractiveness of particular Properties; (v) fluctuations in inflation and interest rates; and (vi) increases in operating costs (including real estate taxes, insurance and utilities and the cost of compliance with zoning and other governmental regulations).

Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to land use and zoning restrictions, environmental protection and safety and other matters affecting the ownership, use and operation of real property. Regulations may be promulgated which could have the effect of restricting or curtailing certain usages of existing structures or requiring that such structures be renovated or altered in some manner. The institution and enforcement of such regulations could have the effect of increasing the expenses and lowering the income or rate of return of an investment in real estate and/or of the SCA Funds.

In addition, the yields available from equity investments in real estate depend on the amount of income earned and capital appreciation generated by the property as well as the expenses incurred. Income from the investments may be adversely affected by the general economic climate, local conditions, such as an oversupply of space, or a reduction in demand for property in the area, competition from other available properties in the area and increased operating costs (including real estate taxes). Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the investment. In addition, income from properties and real estate values are also affected by a variety of other factors, such as governmental regulations and applicable laws (including real estate, zoning and tax laws), interest rate levels and the availability of financing. The properties may be subject to increased vacancies and delinquencies, and rents may be inadequate to cover operating expenses. If the Properties are concentrated in one geographic area or one property type, the SCA Funds will also be subject to the particular risks associated with that area or property type. Owners of real property may also be subject to liability resulting from environmental matters.

#### *Concentration of Positions*

An SCA Fund may, at any time, hold a limited number of positions and hence increase the concentration of its positions. Such concentrations could interfere with the Fund's goal of diversification, and possibly subject the Fund to greater volatility and risk of loss as a result of adverse economic, business or other developments than funds holding a broader portfolio.

#### *Nature of Portfolio Investments*

The investments of the SCA Funds will be subject to the risks incident to ownership of real estate, including general and local economic and social conditions and neighborhood values, the supply and demand for properties of particular types and in particular areas, the financial resources of tenants, a possible inability to obtain or maintain full occupancy, reductions in market rents, increases in tenant concessions, changes in zoning, building, environmental, rent control, and other federal, state, and local laws and in real property tax rates, changes in interest rates and in the availability, cost, and terms of permanent mortgages, the possibility of renewed over-building, acts of God, uninsurable losses, and other factors beyond the control of SCA and the SCA Funds. No assurance can be given as to when or whether adverse events might occur which could cause significant and immediate losses to the Properties or the SCA Funds.

#### *Lack of Skillful Property Management*

To the extent that a property manager provides services to a real estate project, the successful operation of such project depends upon the property manager's performance and viability. In these instances, the property manager is generally responsible for (a) responding to changes in the local market; (b) operating Property and providing building services; (c) managing operating expenses; and (d) ensuring that maintenance and capital improvements are carried out in a timely fashion. Properties deriving revenues primarily from short-term sources, such as short-term or month-to-month leases, are generally more management intensive than deriving revenue from long-term sources, such as those properties leased to creditworthy tenants under long-term leases. None of the SCA Funds, their General Partners, SCA, nor any affiliate of the foregoing makes any representation or warranty as to the skills of any property managers of a Fund's Properties.

#### *Risks Related to Tenants*

While SCA or a property manager will conduct due diligence or credit checks on the financial condition of the tenants of each Fund's proposed real property investments, any delays in payments of rent or the default of a single tenant or a number of tenants may adversely affect the Fund's income from a Property and ultimately the value that may be realized upon the disposition of the Property.

### *Cost Risks*

At the time of making a real estate investment for a Fund, SCA will make certain estimates of the costs of maintaining, developing, improving or repositioning the acquired Property. Some costs associated with a real estate investment, such as maintenance and repairs, may be subject to cost increases beyond the control of the Fund. Should the initial estimates prove too low, the profitability of the investment may be adversely affected.

### *Effect of Property Taxes*

Many of the SCA Funds' real property investments will be subject to real and, in certain instances, personal property taxes and assessments. The real and personal property taxes on such real properties may increase or decrease as property tax rates change and as such properties are assessed or reassessed by taxing authorities. If property taxes on the real property investments increase, a Fund's cash available for distribution to its investors may be materially and adversely affected.

### *Insurance*

The SCA Funds generally intend (and could be required by lenders) to maintain comprehensive insurance on its real property investments, including liability and fire and extended coverage, in amounts sufficient to permit the replacement of such assets in the event of a total loss, subject to applicable deductibles. These SCA Funds will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of similar assets. However, it may not be possible for the SCA Funds to obtain all of the desired coverage or to obtain such coverage at commercially reasonable rates. Moreover, there are certain types of losses, generally of a catastrophic nature (e.g., earthquakes, floods, hurricanes, and acts of war or terrorism) that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by the SCA Funds might not be adequate to restore the economic position of the SCA Funds with respect to the affected real property.

### *Geographic Concentration Risk*

A Fund's investments may be concentrated in a limited number of geographic areas. As a result, the Fund's operating results and ability to make distributions could be impacted by economic changes specifically affecting the real estate markets in that area. An investment in a Fund will therefore be subject to greater risk than a geographically diversified portfolio.

### Material Risks for Ventures.

#### *Risk of Venture Capital Investments*

Venture capital investments have a high degree of risk. Typically, venture capital-backed companies have limited or no operating history, unproven technology, untested management and unknown future capital requirements. These companies frequently face intense competition, often from established companies with much greater financial and technical resources, more marketing and service capabilities, and a greater number of qualified personnel. In addition, these companies typically have obtained capital in the form of debt and/or equity to expand rapidly, reorganize operations, acquire a business or develop new products and markets. These activities by definition involve a significant amount of change, which can give rise to significant problems in sales, manufacturing and general management of business activities.

#### *Venture Investment Competition*

The marketplace for "venture capital investing" has become increasingly competitive. Involvement by financial intermediaries has increased, substantial amounts of investment vehicles have been dedicated to making venture capital investments and the competition for investment opportunities is at high levels. Due

to this competition, Ventures may experience greater difficulty locating investment opportunities for its Funds than a manager that does not pursue a venture capital strategy.

#### *Lack of Commercial Track Record*

The Ventures Funds generally invest in young companies, many of which have yet to be proven viable on a continuous and commercially feasible scale. As with any investment in an unproven company, the purchase of an interest in a Ventures portfolio company involves a high degree of risk, including, but not limited to, the substantial risk of loss of the Investment Vehicle's entire investment in a portfolio company. Please see "Growth or Early-Stage Companies" below for more information.

#### *Growth or Early-Stage Companies*

Venture capital strategies often involve investments in growth or early-stage companies. While investments in growth or early-stage companies offer the opportunity for significant capital gains, such investments may be illiquid, difficult to value, and/or volatile, and may present business and financial risks, which can result in substantial losses or the inability of the Fund to dispose of its investments in a portfolio company. Early-stage companies may have no or little revenues and may not be profitable, while nevertheless requiring considerable additional capital to develop technologies and markets, acquire customers and achieve, or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Further, the products, technologies and markets of a portfolio company may not develop as anticipated, even after substantial expenditures of capital. A growth or early-stage portfolio company may be especially dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies or businesses that can be rendered obsolete or otherwise unattractive at any time. In addition, relative to mature companies, young/emerging companies often have not yet developed comprehensive legal, regulatory, financial audit/control and similar compliance capabilities, enhancing the risks that a portfolio company will experience adverse consequences due to unintended violations of legal, regulatory or similar obligations.

#### *Projections*

The financial projections of a portfolio company and projections relating to the future market for a portfolio company's products or services are based upon current assumptions as to future events and conditions, which are inherently uncertain and unpredictable. The assumptions may prove to be incomplete or incorrect and unanticipated events and circumstances may occur. Because of such uncertainties, and the other risks outlined herein, the actual results of a portfolio company's future operations can be expected to be different from those projected, and such difference may be material and adverse. Potential investors should consider any projections in light of the underlying assumptions, reach their own conclusions as to the reasonableness of those assumptions, and evaluate the projections on the basis of that analysis.

#### *Dilution*

An investment may be diluted by future issuances of securities of a portfolio company with superior rights. Although the Ventures Funds generally have specified anti-dilution rights, under certain circumstances additional funding sought by the portfolio company could adversely affect the current equity owners by diluting their equity interests in the portfolio company.

#### *Growth*

A portfolio company's inability to manage growth could adversely affect its business. A portfolio company's future success will depend, in part, on its ability to manage successfully the expansion of its operations, both organically and through acquisition.

#### *Management Teams and Key Personnel*

A portfolio company's ability to grow and achieve its objectives can be largely dependent upon the services of the portfolio company's management team and key personnel. The loss of services of one or more

portfolio company executives could have a material adverse impact on a portfolio company. The death or disability of any portfolio company executive or the occurrence of any other uninsured event would likely have a material adverse impact on the portfolio company. A portfolio company's future success also depends on its continuing ability to attract and retain highly qualified personnel. Competition for such personnel can be intense, and there can be no assurance that a portfolio company will be able to attract, assimilate or retain highly qualified personnel in the future.

#### *Need for Follow-On Investments*

Following its initial investment in a portfolio company, a Ventures Fund may decide to provide additional investments in a portfolio company. There is no assurance that the Fund will make such follow-on investments or that the Fund will have sufficient capital to make all or any of such investments. Any decision by the Fund, its General Partner, or Ventures not to make follow-on investments or the Fund's inability to make such investments may have a substantial negative effect on the portfolio company in need of such an investment or may result in a lost opportunity for the Fund to increase its participation in a successful operation.

#### *Conflicts of Interest*

Instances may arise in which the interests of Ventures or the Fund's General Partner may potentially or actually conflict with the interests of the Fund and its investors. In addition, certain inherent conflicts of interest arise from the fact that Ventures, the Fund's General Partner, and the Fund are affiliated entities. By acquiring an interest in the Fund, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest.

#### *Protection of Intellectual Property*

The success of a portfolio company, particularly a growth or early-stage company, may depend heavily on its ability to establish and protect its proprietary rights through, among other things, patent prosecution. The patent prosecution process is complicated, time-consuming, expensive and uncertain, and one or more Companies may be unable to protect some or all of its technologies, which could adversely affect such portfolio company, and in turn, the Fund's performance. Companies may also rely on trade secret protection for certain confidential and proprietary information. Despite maintenance of policies designed to protect such trade secrets, a portfolio company may be unable to adequately protect its trade secrets, which could adversely affect the portfolio company, which in turn could negatively impact the performance of the Fund its investors' returns.

## **Item 9**

### **Disciplinary Information**

There are no legal or disciplinary events reportable under this Item that are material to a Fund investor's or prospective Fund investor's evaluation of the Adviser's advisory business or the integrity of the Adviser.

## **Item 10**

### **Other Financial Industry Activities and Affiliations**

Neither the Adviser nor its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither the Adviser nor its management persons are required to register with the US Commodity Futures Trading Commission ("CFTC") in any capacity.

SCA and Ventures are affiliates of Stonecutter Capital Management LLC ("SCM"), a company founded in 2012 by the SCA Principals to purchase controlling equity interests in real estate properties. SCM provides certain payment administration, reporting, recordkeeping, accounting, tax, and other administrative services that SCA or Ventures may reasonably request for the Funds pursuant to administrative services agreements between SCA and SCM and Ventures and SCM. In connection with the provision of these administrative services, SCA and Ventures pay SCM a percentage of management fees it receives from each Fund, as described in each Fund's Governing Documents. Neither SCA nor Ventures charges the Funds a separate administrative services fee to cover the cost of SCM's administrative services.

The SCA Principals also participate in SCM's investment decision-making, but the investment opportunities that are appropriate for SCM and the vehicles it manages are not generally appropriate for the Funds. To the extent that an investment opportunity falls within the investment mandates of one of the Funds and one of SCA's affiliates' investment vehicles, the investment opportunity will initially be considered for the SCA Funds. If the relevant SCA Fund does not have the requisite capacity to accept the investment, the investment does not meet the SCA Fund's diversification requirements, or some other investment restriction prevents the SCA Fund from participating in the investment opportunity in a SCA Fund, then the investment may be offered to an investment vehicle of one of SCA's affiliates. Currently, SCM's investment vehicles do not intend to make new investments and, therefore, investment opportunities that are appropriate for Funds managed by SCA are not being considered for investment by vehicles managed by SCM.

The SCA Principals also own the majority of interests in Stonecutter Ventures, and they are involved in its investment decision-making. There is no overlap between the investment objectives and strategies of the Funds managed by Ventures and that of the Funds managed by SCA.

As mentioned above, the SCA Principals are responsible for simultaneously managing the portfolios of the SCA Funds, as well as the Ventures Clients and the vehicles managed by SCM. This creates a conflict of interest as it relates to division of loyalties, time, and resources spent managing investments among SCA, Ventures and SCM, in particular, if one or more of an affiliate's Funds, investments or vehicles are more profitable than those of the SCA or Ventures Funds. The Adviser addresses this and other conflicts through policies and procedures designed to ensure that the SCA Principals devote the time and resources necessary to provide investment advisory services to the Funds in an appropriate manner, and consistent with the Adviser's fiduciary obligations as an investment adviser.

The Adviser does not receive compensation, directly or indirectly, for recommending or selecting other investment advisers for the Funds.

## **Item 11**

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

The Adviser has adopted a Code of Ethics (the “Code”) to comply with Rule 204A-1 under the Advisers Act which sets forth standards of business and personal conduct for all of the Adviser’s employees. The Code is predicated on the basic idea that employees of the Adviser adhere to the highest ethical and fiduciary standards and will conduct their affairs in accordance with the principles of professionalism, integrity, honesty and trust. The Code has established policies and procedures that are reasonably designed to (1) prevent fraud and improper personal trading; (2) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof; and (3) provide a means to resolve such conflicts. The Code generally places limitations on personal securities transactions. All transactions are monitored to ensure there is no conflict of interest arising from transactions of clients. The personal accounts of the personnel covered by the Adviser’s personal trading policy are reviewed on a regular basis. Any transactions that are believed to be a violation of the personal trading policy are required to be reported promptly to the Adviser’s Chief Compliance Officer. The Adviser’s supervised persons must acknowledge the terms of the Code of Ethics annually or when amended. Fund investors may request a copy of the Code by contacting the Adviser at the telephone number listed on the first page of this Brochure.

The Adviser will from time to time recommend to a Fund, or buy or sell for a Fund, securities in which the Adviser or its related persons have a material financial interest. Specifically, the General Partner of each of the Funds is typically an affiliate of the Adviser that makes a capital commitment to the Fund for which it serves as a General Partner. Each affiliated General Partner’s capital commitment is funded by the SCA Principals, SCM employees, and/or their family members or affiliates (in the case of SCA) or, generally, by the General Partner (in the case of Ventures), which is drawn down at the same time as the Fund’s investors’ commitments. However, each affiliated General Partner’s capital commitment is typically not subject to Management Fees and Carried Interest. While the affiliated General Partners have a financial interest in the Funds, we believe their interests are aligned with those of the Funds’ investors because the affiliated General Partners make capital contributions and receive distributions from the Fund on the same terms as the other investors, as more fully described in the relevant Governing Documents. Accordingly, the Adviser believes neither it, nor its affiliates, have a conflict of interest with respect to these arrangements.

## **Item 12**

### **Brokerage Practices**

The Funds primarily purchase or sell securities and other assets in privately negotiated transactions, not involving a broker or dealer. From time to time, the Adviser may recommend specific brokers and dealers to execute, settle and clear transactions that require the use of a broker or dealer. In these cases, the Adviser has discretion in deciding which brokers or dealers are to be used for a particular transaction and the compensation for those transactions.

In the event the Adviser engages in a transaction requiring a broker or dealer, the Adviser will seek to obtain best execution for all transactions and will evaluate brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Adviser and a Fund. If selecting brokers and dealers to execute transactions, provide financing for transactions, and provide other services, the Adviser may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, and access to deal flow. The Adviser does not receive research or other products or services (i.e. soft-dollar benefits) other than execution from a broker-dealer or other third party in connection with the Funds' securities transactions.

Neither the Adviser nor any related person receive client referrals from a broker-dealer or third party.

The Adviser does not recommend, request or require Funds to direct the Adviser to execute transactions through a specified broker-dealer, and does not permit Funds to direct brokerage.

To the extent applicable, the Adviser will seek to execute transactions for the Funds fairly and equitably over time. In the event the Adviser engages in trading of securities for the Funds, the Adviser will follow policies and procedures pursuant to which it may combine or aggregate purchase or sale orders for the same security or other instrument for multiple Funds so that the orders can be executed at the same time, when available.

## **Item 13**

### **Review of Accounts**

The Adviser manages the Funds in accordance with each Fund's investment objectives, restrictions and Governing Documents. The Adviser's Principals and other members of the Adviser's investment team meet regularly and review the investments and performance of Fund accounts on a continual basis. Such reviews include, but are not limited to, a review of existing investments, potential investments, cash availability, market fluctuations, significant events, and investment objectives.

The Adviser's investment team reviews Fund portfolios on an ongoing basis. In addition to such ongoing reviews, conditions that may trigger a review are (1) amendments to relevant laws; (2) new investment information; and (3) changes in certain Fund's circumstances.

Investors in a Fund generally receive, on a quarterly basis, a written status report of the Fund's assets and operations. Investors are provided also with online access to information about their capital accounts, including their committed capital, contributed capital, distributions and other account information.

## **Item 14**

### **Client Referrals and Other Compensation**

The Adviser does not receive economic benefits from non-clients for providing investment advice or other advisory services.

Although the Adviser does not currently have any arrangement with third-party solicitors, placement agents, or similar persons to refer potential investors to the Adviser, the Adviser or its designee may, in the future, pay commissions, expenses and/or other selling compensation to third parties that introduce prospective investors to a Fund. In the event of such an arrangement, any compensation will be paid by the Adviser and will not be charged to the Funds.

## **Item 15**

### **Custody**

The Adviser operates under the presumption that it is deemed to have custody of client funds and securities for purposes of Rule 206(4)-2 under the Advisers Act (“Custody Rule”) because related persons of the Adviser serve as General Partners to the Funds and because the Adviser has the authority to deduct advisory fees from client accounts or otherwise withdraw funds from the client accounts. However, the Adviser does not maintain physical possession over any client funds.

The Adviser maintains client funds and any securities, aside from certain privately offered certificated securities, with qualified custodians in accordance with the Custody Rule. The Adviser satisfies certain obligations of the Custody Rule by complying with the audit exception to the Custody Rule (“Pooled Vehicle Annual Audit Exception”). Among other things, the Pooled Vehicle Annual Audit Exception requires that the Fund be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that the Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

In instances where a Fund acquires a security in a private placement, the Adviser will maintain physical possession of, and safeguard the privately offered securities for the Funds in accordance with the Custody Rule’s privately offered securities exception to the qualified custodian requirement. The privately offered security will be recorded on the books of the issuer or transfer agent in the name of the relevant Fund, and it will be transferable only with the prior consent of the issuer or holders of the outstanding securities of the issuer. If the privately offered security is certificated, the private stock certificate will contain a legend disclosing such restriction on transfer.

## **Item 16**

### **Investment Discretion**

Each Fund's applicable Governing Documents grant the Adviser discretionary authority to manage assets on behalf of the Funds. This authority is granted at the outset of an investment management relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the investment objectives, policies, and limitations that are stated in each Fund's Governing Documents. Any investment guidelines and restrictions, as well as amendments thereto, must be provided to the Adviser by the Funds in writing.

## **Item 17**

### **Voting Client Securities**

The Funds generally do not invest in public securities issuing proxies. In the event the Funds invest in publicly-held securities, the Adviser will accept authority to vote such securities on behalf of the Funds. If the Adviser accepts authority to vote such securities on behalf of the Funds, the Adviser will vote proxy proposals, amendments, consents or resolutions relating to Fund securities (collectively, “Proxies”) in a prudent and diligent manner, consistent with its fiduciary obligation as an investment adviser, and in line with each Fund’s investment objectives. The Adviser will base its voting decision on its reasonable judgment of what will best serve the Fund’s interests.

At times, conflicts may arise between the interests of a Fund and the interests of the Adviser or its affiliates. If a conflict of interest is identified, the Adviser will not make related proxy voting decisions until it has been determined that the conflict of interest is not material or a method for resolving the conflict of interest has been agreed upon and implemented. Materiality determinations will be based on an assessment of the particular facts and circumstances and written record of all materiality determinations are maintained.

Copies of the Adviser’s proxy voting policies and procedures can be made available to investors upon request.

## **Item 18**

### **Financial Information**

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus is not required to include a balance sheet for its most recent fiscal year.

The Adviser is not aware of any financial condition that is likely to impair its ability to meet contractual commitments to clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.