

**Item 1 – Cover Page**

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

**ALTERNATIVE CAPITAL INVESTMENTS LP**

677 Charnwood Drive  
Wyckoff, New Jersey 07481  
Attention: Mr. John Guarino  
(212) 204-3516  
[jguarino@altcapinvestments.com](mailto:jguarino@altcapinvestments.com)  
[www.altcapinvestments.com](http://www.altcapinvestments.com)

**March 28, 2024**

**This Brochure provides information about the qualifications and business practices of Alternative Capital Investments LP (“ACI” or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Firm at the 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.**

**ACI is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.**

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

## **Item 2 – Material Changes**

This Brochure was prepared for ACI's transitional registration with the SEC from an exempt reporting adviser to a fully registered investment adviser.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes .....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation .....	2
Item 6 - Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients .....	7
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.....	7
Item 9 – Disciplinary Information.....	16
Item 10 – Other Financial Industry Activities and Affiliations .....	16
Item 11 – Code of Ethics, Participation or Interest in Fund Transactions and Personal Trading	17
Item 12 – Brokerage Practices.....	18
Item 13 – Review of Accounts .....	19
Item 14 – Client Referrals and Other Compensation.....	20
Item 15 – Custody .....	20
Item 16 – Investment Discretion .....	20
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information .....	21

## Item 4 – Advisory Business

### A. Description of the Advisory Firm

Alternative Capital Investments LLC along with its affiliates, (“ACI” or the “Firm”), a Delaware limited partnership, is an investment adviser located in New Jersey, formed in 2020, and is principally owned and controlled by John Guarino.

### B. Types of Advisory Services

ACI serves as an investment adviser to private investment funds (each a “Fund” and collectively the “Funds”). The Funds consist of pooled investment vehicles, some of which have side pocket arrangements noted as special classes.

Pursuant to each Fund’s offering memorandum, limited partnership, and/or subscription documents (collectively the “Constituent Documents”), ACI seeks to generate meaningful, uncorrelated returns by participating a range of “off market,” idiosyncratic situations. ACI, through its Funds, will invest in selective subsectors of the public and private markets, growing and distressed assets, provide secured debt and structured capital across a variety of products, and extend litigation financing at both a firm and case level.

### C. Tailored Services and Imposed Restrictions

As an investment adviser to the Funds, ACI invests Funds’ assets in accordance with the Funds’ Constituent Documents. ACI conducts its investment advisory activities so as to comply with the investment objectives, guidelines, and restrictions set forth in the relevant Constituent Documents, which may be amended from time to time. However, ACI will not tailor its investment activities on behalf of the Funds to the needs of any individual investor in a Fund (such investors are referred herein as “Investors”).

### D. Wrap Fee Programs

ACI does not participate in wrap fee programs.

### E. Amounts Under Management

ACI manages the assets of the Funds and has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 246,600,000	\$ 147,092,500	12/31/2023

## **Item 5 – Fees and Compensation**

### **A. Fee Schedule**

The Firm receives fees from the Funds in exchange for investment advisory services. The fees and compensation payable to ACI are negotiable and vary among its Funds. However, the range of compensation is generally as follows:

#### **Fund I**

##### **1. Management Fee**

During the first 12 months following the first closing, Fund I shall pay ACI a quarterly management fees (“Management Fees”), in advance, of 0.25% (1.0% per annum) of total commitments as of the opening of each fiscal quarter; provided, however, that the Management Fee payable after the first closing shall be calculated on the total commitments as of the date of the first closing. During the second 12 months following the first closing, the rate of the Management Fees will be increased quarterly to 0.50 % (approximately 2.0% per annum) of total commitments as of the opening of each fiscal quarter. Thereafter during the term of Fund I, the Management Fees will be charged at such 0.50% quarterly rate against Fund I’s net asset value as of the opening of each fiscal quarter. In the sole discretion of ACI, it may charge a lower Management Fee lower than those described above or no Management Fee.

Each Management Fee shall be payable on or before the 10th business day of the fiscal quarter for which it is payable. If there are contributions or withdrawals by Fund I during a fiscal quarter, the Management Fee for such fiscal quarter shall be retroactively increased or decreased, as appropriate, pro rata to the number of days in such fiscal quarter following such event. Any such increase or decrease shall be added to or credited against the payment of the Management Fee for the next fiscal quarter.

##### **2. Performance-based Fees**

Although the Fund I’s carried interest will be payable only if all of Fund I investors first receive the return of all their capital invested in Fund I, the carried interest, if payable, will be at the rate of 20% of all of the Fund I’s subsequent investment proceeds from its side pocket investments. Similarly, ACI’s performance allocation will be at the rate of Fund I’s cumulative gains on its liquid investments, subject to the high watermark described in the Constituent Documents.

#### **Fund II**

##### **1. Management Fee**

During the first 12 months following the first closing, Fund II shall pay ACI quarterly Management Fees, in advance, of 0.375% (approximately 1.5% per annum) of total commitments as of the opening of each calendar quarter, except that the Management Fee payable after the first closing will be calculated on the total commitments as of the date of the first closing. Thereafter, during the term, the rate of the Management Fees will be increased

to 0.50 % (approximately 2.0% per annum) of Fund II's net asset value as of the opening of each calendar quarter. If the determination of net asset value used in the calculation of the Management Fee for any fiscal quarter is subsequently revised by the managing member for any reason, the Management Fee calculation for such fiscal quarter shall be retroactively increased or decreased, as appropriate, for such fiscal quarter. Any such increase or decrease shall be added to or credited against the payment of the Management Fee for the next fiscal quarter. In the sole discretion of ACI, it may charge a Management Fee lower than those described above or no Management Fee.

Each Management Fee shall be payable on or before the 10th business day of the fiscal quarter for which it is payable. If there are contributions or withdrawals Fund II during a fiscal quarter, the Management Fee for such fiscal quarter shall be retroactively increased or decreased, as appropriate, pro rata to the number of days in such fiscal quarter following such event. Any such increase or decrease shall be added to or credited against the payment of the Management Fee for the next fiscal quarter.

## 2. Performance-based Fees

Carried interest will be charged to Fund II investors if performance exceeds the high watermark. If so, ACI shall be allocated an amount equal to 20% (or such lower percentage, if any, as ACI may have declared applicable to Fund II for the measuring period in question) of the allocation of net profits for such measuring period otherwise allocable to such Fund which is in excess of any portion thereof which must be counted towards the cumulative net profits allocable to such Fund through the end of such measuring period in order for it to equal the high watermark.

## **Fund III**

### 3. Management Fee

Commencing on the initial closing date, Fund III shall pay a Management Fee quarterly in advance, to ACI in an amount equal to: (1) In respect of Fund III holding standard class interests, (i) until the first anniversary of the initial closing date, 0.375% quarterly (1.5% per annum) multiplied by such Fund's capital commitment for standard class interests; (ii) following the first anniversary of the initial closing date until the end of the investment period, 0.5% quarterly (2.0% per annum) multiplied by such Fund III's capital commitment for standard class interests; and (iii) following the end of the investment period, 0.5% quarterly (2.0% per annum) multiplied by the net asset value of Fund III's capital account(s) established in respect of standard class interests; (2) In respect of Fund III holding Special Class 1 interests, (i) during the investment period, 0.25% quarterly (1.0% per annum) multiplied by such Fund III's capital commitment for Special Class 1 interests; and (ii) following the end of the investment period, 0.25% quarterly (1.0% per annum) multiplied by the net asset value of such Fund III's capital account(s) established in respect of Special Class 1 interests; and (3) In respect of Fund III holding Special Class 2 interests, (i) during the term of Fund III, 0.125% quarterly (0.5% per annum) multiplied by such Fund III's capital

commitment for Special Class 2 interests; plus (ii) during the term of the Fund, 0.25% quarterly (1.0% per annum) multiplied by the aggregate amount of capital contributions made by such Fund III in respect of Special Class 2 interests and invested in opt-in investments. (c) The Management Fee shall be adjusted coincident with each subsequent closing in a manner that treats all capital commitments as if they had been made as of the initial closing date. Management Fees shall also be payable coincident with each subsequent closing. (d) The Management Fee payable will be reduced (but not below zero) by an amount equal to the sum of (1) 100% of any placement fees, and out-of-pocket expenses of the placement agent, paid by Fund III to the placement agent and (2) 100% of any placement fees, and out-of-pocket expenses of the placement agent, paid by the Fund to the placement agent and borne by such partner.

The Management Fee payable in respect of Fund III will be reduced (but not below zero) by an amount equal to such Fund III's pro rata share of the ancillary fees from ancillary fee generating investments (i.e., that portion of Fund III's capital commitment or the net asset value of its capital account equal to the capital invested in the relevant portfolio investment).

## 2. Performance-based Fees

At the end of each fiscal year, ACI shall reallocate from the capital account(s) of Fund III in respect of such Fund III's standard class interests and, if also held by such Fund III, Special Class 1 interests to the capital account of ACI an amount (the incentive allocation) equal to the result of the applicable incentive allocation rate(s) multiplied by the amount of the net capital appreciation allocated to such capital account(s) of such Fund IIIs for such fiscal year after reduction by an amount equal to the amount of the management fee debited to such capital account(s) for such fiscal year; provided, however, that the net capital appreciation upon which the calculation of the incentive allocation is based shall be reduced to the extent of any balance in the loss recovery account attributable to such capital account(s); provided, further, that, solely for purposes of calculating the incentive allocation applicable to a capital account established in respect of Special Class 2 interests, ACI shall only take into account realized gains attributable to the underlying opt-in investment. In the sole discretion of ACI, the incentive allocation may be waived, reduced, or calculated differently with respect to Fund III. In addition to the foregoing, the incentive allocation, if any, will be also calculated and made at (A) with respect to distributions made other than at the end of a fiscal year, the close of business on the date immediately prior to the effective date of such distribution with respect to the amount distributed, and (B) with respect to the transfer of an interest made other than at the end of a fiscal year, the close of business on the date immediately prior to the effective date of such transfer with respect to the transferred amount, provided that such transfer results in a change in the beneficial ownership of such interest, as determined by ACI, in its sole discretion. Solely for purposes of calculating the incentive allocation and determining an adjustment to the balance of a capital account's loss recovery account, the

transfer of an interest made other than at the end of a fiscal year on which an incentive allocation is made shall be treated as if it were a withdrawal.

B. Payment of Fees

Management fees, performance-based fees, and third-party fees (discussed below) are deducted from Fund assets. Management fees, which are paid in advance, are withdrawn at the beginning of the quarter. Performance-based fees are determined as of the last business day of the fiscal year and as of any date on which an investor makes a withdrawal or receives a distribution from such investor's capital account(s).

C. Third-Party Fees

The following expenses shall be borne by and allocated among the Fund pursuant to the Constituent Documents:

- (a) all applicable taxes, governmental charges and fees, any and all transaction fees, finders fees, brokerage fees and commissions, custodial fees, advisory fees, research charges, transfer fees and any other expenses, charges or fees, including, without limitation, attorneys', accountants' and auditors' fees and disbursements, incurred or payable in connection with any aspect of the business, including, without limitation, the acquisition and disposition of securities in the initial portfolio companies and other portfolio companies;
- (b) any other taxes or governmental charges, domestic or foreign, payable by the Funds, as such, and any expenses incurred by ACI acting as tax matters partner;
- (c) all costs incurred in connection with the preparation, printing, and delivery of tax returns, the financial statements and reports prepared and any other reports to fund investors and the review or audit of such financial statements;
- (d) all expenses incurred in connection with any amendment the Constituent Documents or any other partnership documentation;
- (e) any costs and expenses of any litigation involving the Funds and the amount of any judgment or settlement paid in connection therewith, excluding, however, the costs and expenses of any litigation, judgment, or settlement in which any management party is found culpable of willful misfeasance or bad faith;
- (f) all costs and expenses for indemnity or contribution payable to any person and whether payable in connection with any litigation involving the partnership or otherwise, and all costs for any insurance contemplated in the Constituent Documents; and
- (g) the management fees payable to ACI and all fees payable to any administrator pursuant to an administration agreement.

No expenses or fees paid or advanced shall constitute a contribution to the partnership. All entity expenses shall be paid out of cash of the partnership, as appropriate, and as is determined by the managers to be available for such purpose; provided, however, that either manager may, in its sole discretion, advance funds to the partnership for the payment of



entity expenses and shall be entitled to the prompt reimbursement of any funds so advanced. In this regard, affiliates of ACI incurred entity expenses prior to the formation of the partnership in connection with the acquisition of securities in the initial portfolio companies and the partnership shall reimburse such expenditures.

D. Prepayment of Fees

Funds are generally required to pay management fees quarterly in advance, as specified in each Funds' Constituent Documents. In the event ACI does not provide services for the full period, unearned management fee is typically required to be returned or credited to the investors in the applicable Fund. In general, pursuant to the Constituent Documents of the relevant Fund, the amount of fees returned or credited is calculated based on the number of days remaining in the applicable period.

E. Outside Compensation for the Sale of Securities

Neither ACI nor its supervised persons accepts compensation for the sale of securities or other investment products outside of its association with ACI.

**The foregoing discussion in Items 5 represents ACI's basic compensation arrangements. The management fees and incentive allocations described above are structured to comply with Rule 205-3 under the Advisers Act and applicable state laws. Fees and other compensation are negotiable in certain circumstances and arrangements with any particular Investor may vary. Although ACI believes its fees are competitive, lower fees for comparable services may be available from other investment advisers.**

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

As discussed in Item 5.A., ACI is generally entitled to a "carried interest" on the Funds' profits in accordance with the provisions of the Fund's Constituent Documents. The "carried interest" means the carried interest, performance allocation, or incentive fees earned directly or indirectly by the Firm from a Fund. The "carried interest" is generally equal to a percentage of the investment proceeds distributed by the Fund in excess of the capital invested by the Fund's Investors, subject to a preferred return and less fees and expenses. The Firm is subject to a "clawback" of "carried interest" previously received to the extent that it has received cumulative distributions in excess of amounts otherwise distributable or anticipated to be distributed to the Firm by the Fund as "carried interest," applied on an aggregate basis covering all transactions of the applicable Fund. The "carried interest" received is negotiated at the time such Fund is formed.

These performance-based carried interest distributions may create conflicts of interest, including an incentive for ACI to engage in riskier or more speculative investments on behalf of a Fund than might otherwise be the case. In addition, in allocating investment opportunities, ACI may have an incentive to favor Funds with a potential for performance-based compensation over Funds with no performance-based compensation. ACI has adopted policies and procedures that are designed

to ensure that all of its Funds are treated in a fair and equitable manner with respect to the allocation of investment opportunities.

### **Item 7 – Types of Clients**

ACI provides investment advice and management to the Funds. The Firm may in the future provide the same or similar services to other privately placed investment funds.

ACI intends to restrict the number of Investors in the Funds and will offer interests only through non-public transactions in order to maintain their exclusion from “investment company” status under the Investment Company Act of 1940, as amended (the “Investment Company Act”).

Prospective investors in the Funds must meet eligibility criteria and are subject to certain withdrawal requirements and limitations. Prospective investors are encouraged to thoroughly review a Fund’s Constituent Documents, which set forth all of the terms in detail.

Each investor generally must be an “accredited investor” (as defined in Regulation D under the Securities Act of 1933), a “qualified purchaser” (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended), and must meet other criteria as specified in the Constituent Documents. The minimum initial investment is \$1,000,000, but commitments of lesser amounts may be accepted at the discretion of ACI.

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

#### **A. Methods of Analysis**

ACI expects to source and select such investment opportunities from Mr. Guarino’s network and, to a lesser extent, leads from principal investors in the Fund. The selection of the Fund’s portfolio will be based on in-depth fundamental research and analysis by ACI.

#### **B. Investment Strategies**

ACI expect the Funds’ portfolio to consist of from at least 15 to 25 investments at any point in time and believe that a relatively concentrated portfolio will allow for a higher degree of selectivity in the Funds’ investment process and a lower correlation to broad stock market performance. However, ACI anticipates that the Funds’ portfolio will nevertheless have a high degree of diversification through allocation among the following asset classes in approximately the target percentages noted below (subject to reasonable variation over the life of the Funds in response to general market conditions and perceived investment opportunities and variation due to gains and losses before re-balancing, to the extent possible):

- 10% in publicly-traded equity securities and equity indexes (with possible hedging to manage downside risk)
- 15% in domestic hedge funds managed by investment managers other than ACI.

- 15% in loan transactions (including, for example, bridge financings with equity kickers and storage facility and other financings)
- 15% in small to middle range private equity investments and mid- to later-stage venture capital financings, with the goal of profitable exits within the life of the Fund
- 15% in equity investments in operating companies that generate consistent cash flow, including franchise opportunities and unaffiliated investment management and brokerage businesses.
- 15% in real estate ventures managed by unaffiliated third-party developers.
- 15% in short-term opportunities, including investments in pre-IPO companies and others with an anticipated holding period of less than one year.

ACI intends that the Funds be fully, or nearly fully, invested in such transactions and securities at all times, but they may invest the Funds' assets from time to time in short-term money market investments pending longer-term investment or for defensive purposes. ACI anticipates that investments in the Funds' portfolio will not be focused on any particular industry or sector and will include small, medium, and large capitalization companies. ACI believe that this approach has the potential not only to significantly improve long-term returns, but to mitigate style or segment specific risk factors.

While ACI expect the Funds to be primarily long-biased, the Funds may also make short investments. ACI believes that making both long and short investments will provide a measure of flexibility that will enhance the Funds' risk/return potential. The Funds will take long positions in companies that ACI believes are currently under-valued and have the potential for significant capital appreciation. In the publicly-traded portion of the Funds' portfolio, the Funds may take short positions in companies that have weak management teams, unsustainable business plans or exhibit other factors that suggest they are trading at significantly inflated valuations. The Funds may also take short positions for hedging or risk management purposes. The success of the Funds will be in large part dependent on the ability of ACI to identify and analyze companies whose prospects for substantial price appreciation (or depreciation) greatly exceed their potential risk of loss (or gain) in market value and, once identified, to monitor the progress of the Fund's portfolio companies in order to optimize the timing of their disposition.

Most of the Funds' investment positions will have a medium-to-long-term time horizon, but the Funds will also engage to some extent in shorter-term, tactical trading. Over a longer time horizon, stock price movements tend to be predominantly driven by company-specific fundamentals. Therefore, the Funds' longer-term investments will emphasize companies with high return on capital, significant reinvestment opportunities, growing earnings and cash flow, strong balance sheets, competitive advantages, and high-quality management teams. With respect to shorter-term investments, the Funds will seek to identify and exploit market inefficiencies and mis-pricings. The Funds' shorter-term opportunistic investments will emphasize companies with "catalyst" events such as earnings inflections or accelerations,

mergers, acquisitions, spin-offs, IPOs, corporate restructurings, management changes, cyclical recoveries, and large capital return programs.

C. Risks of Investments and Strategies Utilized

**Investing in securities involves risk of loss that Funds and Investors should be prepared to bear.**

Investment and trading risk factors may include:

**General.** Investors should understand that all investments involve risk and there can be no guarantee against loss resulting from an investment in the Funds. Further, there can be no assurance that the objectives of the Funds will be achieved. As with any investment in securities, the value of and return on an investment in the Funds can decrease as well as increase, depending on a variety of factors, including general economic conditions and market factors. The ACI's investment decisions may not always be profitable nor will they always be correct. Further, the investments in the Funds are not intended as a complete investment program.

As the Funds will invest to a significant extent in publicly-traded equity stocks and indexes, as well as equity positions in private companies, the Funds will be subject to normal market risks, such as the risk that stock prices in general may decline over short or extended periods. The stock markets tend to be cyclical, with periods in which stock prices generally rise or decline. Further, the Funds will be subject not only to normal market risks but a host of additional factors related to the inherent riskiness of private equity and venture capital investments in small and emerging companies, as well as the creditworthiness of parties to which the Fund makes loans. These factors make an investment in the Funds highly speculative and subject to a high degree of risk.

The Funds' investment objectives are primarily medium to long term and, while a significant portion of the Fund's assets will be invested in investments that are expected to generate current income, the Funds may not make frequent or substantial cash distributions during the first two years of the Funds' life and possibly for some period thereafter. Accordingly, an investment in the Funds may not be suitable for investors with a need for current income. Further, given the lack of a market for the interests and the substantial restrictions on the transfer of interests and withdrawals from the Funds provided in the Constituent Documents, an investment in the Funds is suitable only for investors who have no need for liquidity in their investments.

**Reliance on Management.** ACI will make all decisions with respect to the Funds' management and investments and will have exclusive responsibility for the selection and management of the Funds' portfolio. The ability of the Funds to achieve its objectives will in large part be dependent on ACI, Mr. Guarino, and other investment professionals. Funds will have no right or power to take part in or direct the management of the Funds. Investors must depend on the ability of ACI with respect to the selection of investments, the negotiation of the Funds' terms of investment, the monitoring of the Funds' investments and the timing and terms of their disposition. If the services of Mr. Guarino were to become unavailable to the

Funds, there is no assurance that a suitable replacement could be located or retained on reasonable terms and within a reasonable period of time. Should the Funds lose the services of Mr. Guarino before an acceptable replacement can be found, the business of the Funds could be materially and adversely affected.

Mr. Guarino has significant experience, expertise, and success in investment and finance, particularly with respect to the asset classes in which the Funds intend to invest. However, Mr. Guarino's successful track record in investing is not an assurance or necessarily an indication of future results for the Funds. Further, Mr. Guarino has limited experience in organizing or operating an investment fund with the targeted size and investment program contemplated for the Funds.

**Limited Liquidity.** There is no public trading market for the interests and none is expected to develop. Further, the Constituent Documents restrict the transferability of interests. This offering is being effected pursuant to exemptions from registration under the federal and applicable state securities laws. Accordingly, the interests are not and will not be registered under such laws and may not be resold unless registered under such laws or an exemption from such registration is available. The exemption from registration afforded by Rule 144 will not be available for the resale of the interests.

**Lack of Broad Diversification.** ACI expect that the Funds' portfolio will be relatively concentrated, typically with from at least 15 to 25 investments at any point in time and believe that such a relatively concentrated portfolio will allow for a higher degree of investment selectivity. Accordingly, the Funds' portfolio will be less diversified than investment funds with a larger investment portfolio. However, ACI anticipates that the Funds' portfolio will nevertheless have a high degree of diversification through its allocation among the different asset classes in approximately the target percentages noted. Moreover, to manage risk and enhance diversification, the Funds will generally limit their investment in any one company or transaction to not more than 5% of its then current total assets, although ACI anticipates that most investments will involve not more than approximately 3% thereof on average. Nevertheless, the Fund could be subject to greater volatility than would usually be present in an investment vehicle with a larger and more diversified portfolio, inasmuch as poor performance with respect to one or several significant investments may expose the Fund to a greater degree of loss than would be the case with a larger and more broadly diversified investment program.

**Availability of Investments.** The success of the Fund will depend in part on the ability of ACI to identify, select and consummate investments that provide superior returns. The availability of such investments will depend in part on numerous factors beyond the control of ACI, including general economic and market conditions. Further, other financial institutions, including banks and lending companies, as well as hedge, real estate, venture capital and private equity funds, and individuals, compete for investments similar to those which the Funds intends to make. Some of these investors have greater financial and managerial resources than will the Funds. Such competition could decrease the availability of investments to the Funds and make the terms and yields of available investments less attractive. Accordingly, there can be no assurance that ACI will be able to consummate a

sufficient number of investments to permit the Funds to invest all of its committed capital, to diversify the Funds' investments to achieve the Funds' performance targets.

**Restricted Investments.** The largest portion of the Funds' assets will be invested in securities and other investment positions that are not registered under applicable securities laws and which are likely to involve contractual or practical restrictions on resale as well. Because of the absence of any substantial trading market for these investments and the imposition of restrictions on resale, the Funds may take longer to liquidate these investments than would be the case for publicly-traded securities. The timing, pricing, and occurrence of such transactions cannot be predicted or assured.

**Investments Longer than Term.** The Funds may make investments that may not be advantageously disposed of, or have liabilities that may not be resolved, prior to the date that the Funds are dissolved, either by expiration of the term or otherwise. Although ACI expect that the Funds' investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, because ACI has a limited ability to extend the term of the Funds without the consent of a majority in interest of the Funds, which cannot be assured, the Funds may have to sell, distribute, or otherwise dispose of investments or resolve litigation or other contingent liabilities at a disadvantageous time as a result of dissolution. In addition, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Funds will occur.

**Investments in Early Stage Companies.**

*Early Stage Companies.* Some of the companies in which the Funds invests will generally be small enterprises and some may be start-up ventures. Such companies are generally considered to have higher risk profiles than larger, more mature companies. Their business models are often unproven and vulnerable to competitors' actions and market conditions, as well as general economic downturns. Such companies may have little or no operating history and may have had, and may continue to experience, operating losses or significant volatility in operating results and other financial difficulties. Early-stage companies face many challenges in completing their development efforts, generating, or increasing revenues, establishing, and maintaining critical commercial and strategic relationships, responding to competitive pressures, attracting, and retaining qualified personnel, managing growth, and raising capital. Such companies may require substantial infusions of capital to complete development of their technology applications, for operations or to implement strategic plans, but may have very limited sources of additional credit or equity financing. The risk of bankruptcy or insolvency for many early-stage companies is considerably higher than it is for more established companies.

*Risk of Dilution.* Despite the difficulties that a company in the Funds' portfolio may have in raising additional capital, if it is successful in doing so, the Funds' position in such company may be diluted, unless the Funds have the right or is invited to participate in such new financing and ACI deems it advisable to make a follow-on investment in such company to maintain the Funds' percentage interest.

*Lack of Information.* The lack of a meaningfully long operating history for many of the Funds' potential portfolio companies will make ACI's ability to evaluate their prospects more difficult than would be the case with a more established business. Moreover, such evaluations may be even more difficult with respect to some potential portfolio companies that have yet to adopt record-keeping and accounting procedures that are typical of more established companies. ACI will endeavor to overcome such impediments through extensive due diligence, but significant obstacles to obtaining adequate information may reduce the number of opportunities that the Funds might otherwise pursue.

*Competition.* Early-stage companies may face competition not only from other early-stage companies, but from established companies with significantly greater financial resources, research and production capacity and personnel resources.

*Dependence on Management.* Early-stage companies are more likely to depend on the management talents and efforts of a small group of persons than do larger, more established companies, making them more vulnerable to the consequences of the death, disability, resignation, or termination of one or more of these persons. There can be no assurance that such management teams will be successful. Further, the death or other unavailability of key members of the management of a portfolio company may result in the Funds losing a substantial part of, or even its entire, investment in such issuer.

**Loans.** The Funds are subject to the risk that the companies to which they make loans will fail to make timely payments of interest or principal. While ACI will perform credit analysis with respect to all parties to which it makes loans, there can be no assurance that the debtors will not experience financial difficulties, with a corresponding inability to make timely payments on such indebtedness. Loans are generally subject to prepayment risk, which is the risk that the debts underlying the securities are refinanced or paid off in a period of declining interest rates. If the Funds can invest the resulting proceeds only at rates lower than enjoyed with the prepaid debts, the Funds' return will decline. Mortgage loans secured by real estate or other property are subject to the risk that the value of such property may decline for various reasons, reducing the potential for realization of the full amount owed in the event of foreclosure.

**Investments in Real Estate.** Investments in real estate are subject to numerous inherent risks, including changes in general and local economic and demographic conditions, changes in the supply and demand for real property or capital, changes in local real estate markets, casualty or other changes to properties in which the Fund invests, increase in the operating and maintenance costs of such properties, changes in real estate tax assessments, adverse use of neighboring real estate, changes in local zoning, building, and health code, and other ordinances and changes in interest rates and the general availability of real estate financing, any of which might impair the profitability or viability of any property in which the Funds invest and the overall availability of investments.

**Limits on Control.** Since the Funds will likely be a minority investor in each the companies in which it invests, and despite the board representation, financial transparency, restrictive covenants, and consulting and other monitoring or control rights that the Funds may require

of such companies, the Funds will lack control of its such companies and the outcome of the Funds' investments will be largely outside of ACI's control, despite the efforts of ACI to influence the management and operation of such companies.

**Capital Calls.** Funds will be obligated to make such payments regardless of their financial circumstances, the timing of the call, the Funds' prior performance history, general economic conditions or other factors existing at the time. Failure of a Fund to make a contribution when called will constitute a default which, if not promptly cured, will result in legal liability to the Fund and certain penalties, including the forfeiture of up to 50% of the defaulting Fund's interest, the forfeiture of the Fund's right to share in future profits and the forced sale of such Fund's interest.

**Side Letters.** ACI has the right to seek additional investment in the Funds by offering to prospective Funds investment terms that are more favorable than those available to existing Funds and other prospective Funds, such as lower rates of management compensation, a higher frequency for subscriptions or permissible withdrawals, co-investment opportunities or greater transparency as to Fund information and investment processes. In such cases the Funds would enter into a written "side letter" arrangement with such investors that would vary the standard terms. Accordingly, it is possible that not all Funds will invest in the Funds on the same terms and some may have more favorable terms than others.

**Cybersecurity.** ACI and the Funds' service providers and trading counterparties are all dependent on complex information technology and communications systems to conduct their businesses. These systems are subject to a number of threats due to hacking and other intentional attacks or unintentional incidents, such as security breaches permitting unauthorized access to systems and data, data misappropriation, denial of service attacks, system failures and the adverse consequences of malicious software code and computer virus infection, that could adversely affect such parties despite their efforts to implement and maintain procedures, processes and technologies to mitigate such risks. Any such failures could compromise the confidentiality and integrity of the Funds' information, including investor information, and other assets and the effectiveness of its computer and communications systems, as well as disrupt its operations. Any such incidents or failures of disaster recovery plans designed to mitigate such incidents could result in failed trades, cessation of access to, or loss of, data, theft of data, physical damage to computer system, business interruptions and related repair costs, as well as regulatory penalties, reputational damage, and financial loss. The Funds may incur substantial costs to prevent or address cyber incidents.

**Substantial Charges.** Although ACI's carried interest will be payable only if all of the Funds first receive the return of all of their capital invested in the Funds, the carried interest, if payable, will be at the rate of 20% of all of the Funds' subsequent investment proceeds from its side pocket investments. Similarly, ACI's performance allocation will be at the rate of the Fund's cumulative gains on its liquid investments, subject to the high watermark. While the rates of the carried interest and the performance allocation are comparable to those charged by other investment funds, they constitute a significant amount of compensation, if achieved. Further, the Management Fees and the payments to third parties likely to be incurred in



connection with the Funds' operations, including brokerage fees and commissions and administration fees, are substantial and will be incurred whether or not the Funds' investment program is profitable.

**Limited Liability and Indemnification of Management.** The Constituent Documents generally exculpates ACI, the investment manager and their respective officers, directors, employees, members, and affiliates, from liability arising from their conduct in relation to the Funds unless attributable to gross negligence or willful misconduct in the performance of their duties, or from reckless disregard of their obligations and duties to the Funds. In addition, the Funds are obligated to indemnify such parties for any losses arising from any action or claims which may be brought against them in connection with the performance or nonperformance in good faith of their functions under the Constituent Documents, again unless resulting from such gross negligence, willful misconduct, or reckless disregard. As a result of such exculpation and indemnification provisions, a Fund may have a more limited right of action than would otherwise be the case in the absence of such provisions.

**Liability for the Return of Distributions.** Under Delaware law, Funds generally will not have personal liability for the obligations of the Funds. If the Funds are unable, however, to meet its obligations, Funds, as well as ACI, could be required to repay to the Funds or its creditors distributions previously made to them if it were determined that such distributions were wrongfully made. In addition, Funds may be obligated to return any amounts distributed which are required to be withheld by the Funds for tax purposes. Further, the Constituent Documents provides that distributions will be subject to re-contribution to the Funds to the extent necessary to fund any indemnification obligations under the Constituent Documents.

**Termination of Interest.** ACI, in its sole discretion, will have the right to terminate the interest of any Fund at any time if ACI determines that such termination is necessary or desirable for the conduct of the Funds' business or affairs. While this is not expected to occur frequently or at all, a Fund would have no control over the timing of such event, which could occur at a time that would be disadvantageous.

### **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 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 Disruptions on ACI or its Funds operational and financial performance will depend on many factors, including the duration and scope of such Disruptions, the extent of any related travel advisories and restrictions implemented, the impact of such Disruptions 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, ACI's ability to source, manage and divest investments, and our ability to achieve its funds' investment objectives, ultimately resulting in significant losses to funds and investors. In addition, there is a risk that a Disruption will significantly impact the operations of ACI and its Funds, or even temporarily or permanently halt their operations.

**Conflicts of interest.** ACI does not believe that they will encounter any material conflicts of interest in fulfilling their duties to the Funds. In the event of such conflicts, certain provisions of the Constituent Documents are designed to protect the interests of the Funds. In any event, ACI is accountable to each Fund as a fiduciary and consequently must exercise good faith and integrity in handling the Fund and its affairs. There can be no assurance, however, that possible conflicts of interest will not arise, including:

*Competition for Management Services.* Mr. Guarino and the other members of the management team will devote as much of their time to the business of the Funds as is reasonably required in their judgment. Subject to certain limitations imposed under the Constituent Documents, they potentially may have conflicts of interest in allocating management time, services, and functions among the Funds and any other funds and ventures with which they become associated. It is not expected, however, that the time spent on non-Fund business by Mr. Guarino and others will be sufficiently great to raise conflicts of interest in allocating management time, services and functions among the Funds or any other funds or other ventures in which they become involved.

*Carried interest and Performance Allocation.* ACI's right to receive carried interest distributions and its performance allocation may create an incentive for ACI to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such performance-based compensation. Carried interest distributions and the performance allocation may be greater or less than compensation charged by other investment managers for comparable services.

More information about the Funds' investments and the associated risk factors is available in the Constituent Documents.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of every risk involved in an investment with ACI. Prospective Investors and Funds should read the entire Brochure as well the Constituent Documents, Agreement other materials that may be provided by ACI and consult with their own advisers prior to engaging ACI's services.**

### **Item 9 – Disciplinary Information**

John Vincent Guarino (one of three "Respondents") of ACI is a former co-founding owner of Quad Capital, LLC ("Quad"). On November 15, 2015, FINRA's Business Conduct Committee issued a disciplinary decision against Quad Capital, LLC, and the findings were as follows:

- (1) during the period from December 1, 2009, through August 31, 2011, Quad violated Rule 105 of Regulation M of the Securities Exchange Act of 1934 ("Rule 105") in connection with 44 offerings, and Quad Capital, LLC, and the Respondents violated Exchange Rules 748 and 707 by failing to ensure Quad had an adequate supervisory system with respect to Rule 105;
- (2) Quad violated Rule 200(f) of Regulation SHO by failing to institute a written plan of organization upon seeking to apply an aggregation unit structure under the Rule beginning on or about May 20, 2010 (which continued through 2013);
- (3) Quad violated Rule 203(b)(1) of Regulation SHO and Exchange Rule 760 from July 12, 2010 to July 16, 2010, by effecting eight short sales without first borrowing or arranging to borrow the shares, or having reasonable grounds to believe that it could have borrowed the shares, and by failing in 937 instances to document the quantities of shares it had allegedly borrowed or arranged to borrow to effect the short sales and failing to document the identities of the lenders that had allegedly lent the stock to Quad, and
- (4) Quad violated Exchange Rules 748 and 707 by having inadequate written supervisory procedures between at least May 2010 and May 2012 with respect to: (i) order marking; (ii) borrowing and delivery requirements when effecting short sales; (iii) obligations of Members and Member Organizations; (iv) position limits; (v) exercise limits; (vi) liquidating positions; (vii) limits on uncovered short positions; (viii) various restrictions on exchange options transactions and exercises; and (ix) Exchange Rule 1042(f) and (g), and Commentaries .05, .06, and .08

Solely to settle these proceedings, and without admitting or denying the charges, Quad Capital, LLC, consented to the findings. The following sanctions were imposed: the Respondents were censured; Quad Capital, LLC, was liable to pay a fine of \$2.5 million; and the Respondents were suspended for 1 month and were required to pass or re-take a Series 24 supervisory exam in order to serve in a supervisory capacity with a member organization in the future.

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

#### **A. Registration as a Broker-Dealer or Broker-Dealer Representative**

Neither ACI nor its management persons are registered as a broker-dealer or broker-dealer representative.

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

ACI is registered as an exempt Commodity Pool Operator with the Commodities Trading Commission and a member of the National Futures Association .

C. Relationships Material to this Advisory Business and Possible Conflicts of interest

There are no other relationships or arrangements that are material to this advisory business.

D. Selection of Other Advisors or Managers

ACI does not utilize nor select other advisors or third-party managers. All assets are managed by ACI.

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

A. Code of Ethics

ACI has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended. The Code governs the activities of each member, officer, director, and employee of ACI (collectively, “Employees”). ACI holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Fund. In serving its Fund, ACI strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Fund securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of Fund must be paramount; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Employees covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

ACI will provide a copy of its Code of Ethics to Investors and prospective Investors upon request. Such a request may be made by submitting a written request to ACI at the address on the cover page to this Brochure.

B. Recommendations Involving Material Financial interests

Neither ACI nor its related persons recommends to Funds, or buys or sells for Funds’ accounts, securities in which ACI or a related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Funds

Although ACI's policies and procedures prohibit its Employees and related persons from trading ahead of Funds in the same instruments that ACI buys or sells for Fund accounts. However, there may be circumstances in which ACI, its Employees and/or related persons have holdings in the same instruments that ACI buys or sells for Fund accounts, and it or they may own securities, or options on securities, of issuers whose securities are subsequently bought for Fund accounts because of ACI's recommendations regarding a particular security. ACI's policy as to such transactions is that neither ACI nor any of its Employees or related persons are to benefit from price movements that may be caused by transactions for Fund accounts or otherwise ACI addresses this conflict by requiring Employees to sign and adhere to ACI's Code of Ethics and to report personal securities holdings and transactions to ACI.

D. Trading Securities At/Around the Same Time as Funds' Securities

As discussed above, from time to time, ACI, its Employees, or related persons of ACI may buy or sell securities for themselves that ACI also recommends its Funds. ACI will always document any transactions that could be construed as conflicts of interest and will always transact the Funds business before the business of its Employees and/or related persons when similar securities are being bought or sold.

## **Item 12 – Brokerage Practices**

A. Factors Used to Select or Recommending Broker-Dealers

ACI's advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly traded securities. With respect to such private transactions, ACI believes it fulfills its best execution responsibilities through careful evaluation and negotiation of the terms of each such transaction. However, ACI may from time-to-time purchase or sell publicly traded securities. In such circumstances, ACI considers various factors in determining which broker is most likely to deliver best execution including, but are not limited to, the Firm's knowledge of negotiated commission rates and spreads currently available; the nature of the security or instrument being traded; the size and type of the transaction; the nature and character of the markets for the security or instrument to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security or instrument; confidentiality; the execution, clearance, and settlement capabilities as well as the reputation and perceived financial soundness of the broker selected and other brokers considered; ACI's knowledge of actual or apparent operational problems of any broker; the broker or dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions.

1. Research and Other Soft Dollar Benefits

ACI currently does not anticipate receiving research or other products or service other than execution from a broker-dealer or third-party in connection with Fund securities

transactions (“soft dollar benefits”). If in the future ACI obtains soft-dollar benefits, this Brochure will be appropriately amended.

2. Brokerage for Client Referrals

ACI does not consider, in selecting or recommending broker-dealers, client referrals from a broker-dealer. ACI may receive referrals in the future and if it does it will appropriately amend this Brochure.

3. Directed Brokerage

ACI does not accept directed brokerage arrangements.

B. Aggregating Trading for Multiple Fund Accounts

ACI will only aggregate the purchase or sale of securities for multiple Funds in situations that it believes are beneficial to all Funds involved and only in accordance with the terms of the Constituent Documents for such Funds. Additionally, in the unlikely event that ACI decides to aggregate the purchase of a particular investment and allocate such investment among more than one Fund, ACI will be required to receive approval from each relevant Fund’s advisory committee. Each advisory committee is comprised of certain investors, unaffiliated with ACI, in each respective Fund.

### **Item 13 – Review of Accounts**

A. Frequency and Nature of Periodic Review and Who Makes Those Reviews

ACI reviews Fund accounts on a continual basis to ensure consistency with the Funds’ strategy and performance objectives. Asset allocation, cash management, market prospects and individual issue prospects are considered. The reviews are conducted by John and the investment team.

B. Factors That Will Trigger a Non-Periodic Review of Fund Accounts

More frequent reviews may be triggered by material changes in key variables that could affect the performance of the portfolios, including changes in the financial markets and activity and trends in the political and economic environment.

C. Content and Frequency of Regular Reports

Within 120 days after each of the Funds’ fiscal year-end and in accordance with each of the Funds’ Constituent Documents, audited financial statements are prepared by an independent account pursuant to the Generally Accepted Account Principles (“GAAP”) are distributed to each investor in the Funds (see Item 15). The Firm also seeks to provide unaudited performance information for the Funds to investors within 45 days after each calendar-end. Such quarterly reports include the mark-to-market value of each investor’s interest in the respective Funds, pursuant to GAAP and based on the unaudited fair market value of the relevant Fund’s holdings.

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

### **A. Economic Benefits Provided by Third Parties**

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

### **B. Compensation to Non-Advisory Personnel for Client Referrals**

Currently, neither ACI nor its related persons directly or indirectly compensate any person who is not advisory personnel for client referrals. However, ACI does use an unaffiliated third party for investor referrals, the cost of which is borne entirely by the Firm.

## **Item 15 – Custody**

ACI conducts its business operations in such a way that all Fund cash and securities over which the Firm is deemed to have custody under applicable law (other than certain privately offered securities) will be preserved in the safekeeping of independent qualified custodians. With respect to the Funds, an independent public accountant, registered with and subject to inspection by the Public Company Accounting Oversight Board, audits each Fund's financial statements annually, and the audited financial statements are distributed to the Investors of the Funds.

## **Item 16 – Investment Discretion**

Funds' Constituent Documents generally authorize ACI to invest and trade the assets in a broad range of investments, to be selected at ACI's sole discretion, with no specific limitations as to type, amount, concentration, or leverage. Further, ACI may enter into any type of investment transaction and employ any investment methodology or strategy it deems appropriate. Limitations on ACI's investment discretion are set forth in the relevant Constituent Documents.

## **Item 17 – Voting Client Securities**

In accordance with Rule 206(4)-6 of the Advisers Act, ACI has adopted and implemented written policies and procedures governing the voting of client securities. The Fund will invest primarily in privately held portfolio companies that do not typically issue proxies. However, in the event proxies have to be voted, ACI will generally be responsible for voting proxies on behalf of its Funds. ACI will vote client proxies in a way that it believes will maximize value for its clients. In exercising its voting discretion, ACI and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of ACI's Funds.

### **Item 18 – Financial Information**

ACI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Funds and has not been the subject of a bankruptcy petition.

A. Balance Sheet

ACI does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this Brochure.

B. Financial Condition

ACI has discretionary authority over the Funds' assets. At this time, neither ACI nor its management persons have any financial conditions that are likely to reasonably impair its ability to meet contractual commitments to the Funds.

C. Bankruptcy Petitions in Previous Years

ACI has not been the subject of a bankruptcy petition in the last ten years.