

FIRM BROCHURE

NORTHERN RIGHT CAPITAL MANAGEMENT, L.P.

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This brochure provides information about the qualifications and business practices of Northern Right Capital Management, L.P. If you have any questions about the information contained in this brochure, please contact us at (203) 951-5440. 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.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of offering, governing and/or account documents that contain the material terms relating to such investments, products or services.

Additional information about Northern Right Capital Management, L.P. also is available on the SEC’s website at www.adviserinfo.sec.gov.

March 29, 2019

Item 2: Material Changes

The date of the last annual updating amendment to our firm brochure was March 31, 2018. A summary of certain of the material changes that have been made to our firm brochure since the date of our last annual updating amendment is set forth below:

- We updated our regulatory assets under management as of December 31, 2018. **See Item 4.**
- We began providing investment advisory services to NRC Partners I, LP, a newly formed private pooled investment vehicle. **See Items 4 and 11.**

The information set forth in this brochure is qualified in its entirety by the applicable offering, governing and/or account documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable offering, governing and/or account documents, such documents shall control.

We encourage all investors and clients to carefully review this brochure in its entirety.

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Item 4: Advisory Business

FIRM DESCRIPTION

Northern Right Capital Management, L.P., a Texas limited partnership (f/k/a Becker Drapkin Management L.P.), was originally formed as SRB Management L.P. in 2004. We provide investment management services to private pooled investment vehicles, separately managed accounts, and other clients primarily with respect to investments in publicly-traded equity securities of small to mid capitalization companies. We typically pursue activist strategies with respect to various investments held by our clients. Our investment advice is provided in accordance with and subject to the investment objectives, strategies, guidelines, restrictions and limitations contained in the applicable offering, governing and/or account documents, and the information in this brochure is qualified in its entirety by the information set forth in such documents.

PRINCIPAL OWNERS

The general partner of Northern Right Capital Management, L.P. is BC Advisors, LLC, a Texas limited liability company, with respect to which Matthew A. Drapkin is the Class A member and Steven R. Becker is the Class B member. Similarly, Mr. Drapkin is the Class A limited partner and Mr. Becker is the Class B limited partner of Northern Right Capital Management, L.P. As the Class A limited partner and Class A member, Mr. Drapkin indirectly controls us and generally is responsible for actions taken by us with respect to our clients. As the Class B limited partner and the Class B member, Mr. Becker has very limited rights with respect to us and BC Advisors including the right to share in certain net fee amounts earned by us or an affiliate thereof for a certain period of time.

TYPES OF ADVISORY SERVICES

Funds

We serve as general partner of and/or investment manager to the following private pooled investment vehicles: Northern Right Capital (QP), L.P. (f/k/a Becker Drapkin Partners (QP), L.P.), a Texas limited partnership (the “QP Fund”), Northern Right Capital Offshore, L.P. (f/k/a Becker Drapkin Partners Offshore, L.P.), a private pooled investment vehicle organized as a Cayman Islands exempted limited partnership that invests substantially all of its assets in the QP Fund (the “Offshore Fund”), and NRC Partners I, LP, a Delaware limited partnership (“NRC Partners”), and together with the QP Fund and the Offshore Fund, the “Northern Right Funds”). We also may serve as general partner of and/or investment manager to other private investment funds in the future. All actions taken by us in respect of the Northern Right Funds and any other private pooled investment vehicles established by us in the future (including, without limitation, all portfolio management and investment decisions) are or will be indirectly controlled by Mr. Drapkin.

We provide investment management services to the Northern Right Funds primarily with respect to investments in publicly-traded equity securities of issuers with small market capitalizations. We generally are responsible for investing and re-investing the assets of each Northern Right Fund in accordance with the investment objectives, policies and guidelines set forth in its offering and governing documents. **See Item 8 below.**

Information about each Northern Right Fund is set forth in its confidential memorandum and governing documents. Investment in a Northern Right Fund does not, in and of itself, create an advisory relationship between an investor in such Northern Right Fund and us. **See Item 8 below.**

Advisory Accounts

We also provide investment advisory services with respect to separately managed accounts (the “Advisory Accounts”) with respect to investments primarily in publicly-traded equity securities. Our advisory services with respect to the Advisory Accounts are provided in accordance with the terms, conditions, guidelines and limitations set forth in the investment management agreements between us and each Advisory Account client. **See Item 8 below.**

INVESTMENT RESTRICTIONS

Funds

We provide investment advice to each Northern Right Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Northern Right Fund. Investors generally are not permitted to

impose restrictions or limitations on the management of the Northern Right Funds. Notwithstanding the foregoing, we may enter into side letter agreements with one or more investors in a Northern Right Fund that alter, modify or change the terms of the interests held by those investors.

Advisory Accounts

We provide and tailor our investment advice with respect to each Advisory Account in accordance with the investment guidelines and objectives of the applicable client and other terms and conditions set forth in the applicable investment management agreement. Advisory Account clients generally may impose restrictions, guidelines and limitations on the management of their Advisory Accounts.

Interests in the Northern Right Funds are privately offered only to eligible investors pursuant to exemptions under the Securities Act of 1933, as amended, and the regulations promulgated thereunder. Such Northern Right Funds are not registered with the SEC as investment companies based on specific exclusions from the definition of investment company under the Investment Company Act of 1940, as amended.

ASSETS UNDER MANAGEMENT

As of December 31, 2018, we had approximately \$192,558,893 in regulatory assets under management. All of these assets were managed on a discretionary or limited discretionary basis.

Item 5: Fees and Compensation

DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we generally are entitled to receive management fees from clients, and we or one of our affiliates may receive performance-based fees or allocations (including carried interest distributions) with respect to certain clients. While fees and allocations are described in detail in the applicable governing, account and/or offering documents, an overview of our basic fee schedule is summarized below.

Funds

With respect to the Northern Right Funds, we generally are entitled to receive a management fee, payable with respect to each calendar quarter in advance, equal to between one quarter of one and a quarter percent (1.25% per annum) and one quarter of two percent (2.0% per annum) of the net asset value of each investor's capital account.

In addition, our affiliate may be entitled to receive an annual performance allocation equal to between 15% and 20% of each limited partner's allocable share of net profits. Performance allocations are subject to a "high water mark" limitation and the terms and conditions set forth in the applicable governing documents. As a result of the "high water mark" limitation, after the first year in which a performance allocation is earned, the allocation for later years applies only to the extent that an investor's *pro rata* share of net profits, measured on a cumulative basis, for all years since admission exceeds the highest level of cumulative net profits achieved through the close of any prior year since admission.

Each investor in Northern Right Funds generally is required to represent that it is (among other things) a "qualified purchaser" as defined in Section 2(a)(51)(i)(A) of the Investment Company Act of 1940, as amended (the "Company Act").

Our fees with respect to the Northern Right Funds and each investor generally are not negotiable. However, we have entered into and may enter into side letters or other contractual arrangements with certain investors that grant different terms (including the reduction or elimination of certain fees) to such investors than the terms generally applicable to other investors.

Advisory Accounts

With respect to each Advisory Account client, we generally receive a management fee, payable either monthly or quarterly in arrears, equal to a percentage (typically from 0.5% to 2% per annum) of the market value of the Advisory Account (or each investment held in such Advisory Account) as of the end of each such month or quarter. Management fees charged with respect to Advisory Account clients generally are negotiable based upon various factors, including, but not limited to, the size of the Advisory Account and the nature of the advisory services provided.

In addition, we generally are entitled to receive a performance fee or carried interest distribution equal to a percentage (typically from 10% to 20%) of the net profits (if any) that are received upon the disposition of an investment held by an Advisory Account (subject to the terms and conditions set forth in the applicable investment management agreement and/or contractual arrangement).

PAYMENT OF FEES

Funds

Management fees generally are payable by investors quarterly, in advance, as of the first day of each calendar quarter. Management fees are deducted directly from the capital account of each investor. In the event that a Northern Right Fund is dissolved, an investor withdraws or our advisory services are terminated prior to the end of any calendar quarter, then a proportionate amount of any unearned management fees will be refunded to the applicable investor(s).

Performance allocations generally are calculated and allocated as of the end of each fiscal year (and at such other times as set forth in the applicable partnership agreement). Performance allocations are allocated directly from the capital account of each investor to the capital account of our affiliate.

We and/or our affiliate may assign the management fee and performance allocation, in whole or in part, to any person. We and/or our affiliates may elect to reduce the management fee payable by certain investors in our sole discretion.

Advisory Accounts

Management fees generally are calculated either monthly or quarterly, in arrears, as of the end of each calendar month or quarter, and are invoiced to each Advisory Account client after the end of such period. Management fees generally are paid in cash by Advisory Account clients from assets outside of their Advisory Accounts. Management fees for partial periods will be prorated, as appropriate, based upon the number of days that have elapsed during such period.

Performance fees or carried interest payments generally are calculated and billed to Advisory Account clients upon the disposition of an investment held thereby. Performance fees and carried interest distributions generally are required to be made to us within a period of time after the disposition or deemed disposition of an investment, as set forth in the applicable contractual agreement with each such client.

OTHER FEES AND EXPENSES

Funds

In addition to management fees and performance-based allocations, each Northern Right Fund generally pays and bears all costs and expenses arising in connection with its operations including, without limitation, the following: (i) all costs and expenses directly related to portfolio investments or prospective investments of the Northern Right Fund, including brokerage commissions and other transaction costs, expenses related to proxies, underwriting and private placements, borrowing charges on securities sold short, interest and commitment fees on debit balances or borrowings, custody fees and fees of professional advisors and consultants relating to investments or prospective investments; (ii) any withholding or transfer taxes imposed on the Northern Right Fund or any of its partners; (iii) any governmental, regulatory, licensing, filing or registration fees incurred in compliance with the rules of any self-regulatory organization or any federal, state or federal laws; (iv) any interest due to partners in connection with capital withdrawals; (v) any legal fees and costs (including settlement costs) arising in connection with any litigation or regulatory investigation instituted against the Northern Right Fund or the general partner in its capacity as such; (vi) the cost of the audit of the Northern Right Fund's financial statements and the preparation of its tax returns; (vii) the fees and expenses of the Northern Right Fund's accountants in connection with accounting advice relating to the Northern Right Fund's day-to-day affairs and all costs related to the keeping of the books and records of the Northern Right Fund; (viii) the fees and expenses of the Northern Right Fund's counsel in connection with advice relating to the Northern Right Fund's legal affairs; (ix) the cost of any outside appraisers, accountants, attorneys or other experts engaged by the general partner as well as other expenses directly related to the Northern Right Fund's investment program (including, without limitation, travel and transportation-related costs and expenses (which may include the cost of economy, first or business class commercial airfare, the cost of private chartered aircraft or other private air travel, the cost of rail service (including first class or business class tickets) or livery service), meals, lodging, international data and roaming, entertainment and incidentals); (x) specific expenses incurred in obtaining systems, research and other information utilized for portfolio management purposes that facilitate valuations and accounting, including the costs of statistics and pricing services, service contracts for quotation equipment and related hardware and software; (xi) all costs and expenses associated with the organization of the Northern Right Fund and the offering of interests in such Northern Right Fund, including legal and accounting fees, printing costs, travel and out-of-pocket expenses and compliance with any applicable federal and state laws; (xii) the costs and expenses of holding any meetings of partners which are required to be held under the terms of the partnership agreement or law; (xiii) the expenses of the investment committee of the Northern Right Fund and the members thereof; (xiv) the costs of any liability insurance obtained on behalf of the Northern Right Fund or the general partner; and (xv) all costs and expenses associated with reporting and providing information to existing and prospective partners. However, we may, in our sole discretion, choose to absorb or otherwise bear any such expenses incurred on behalf of a Northern Right Fund. Each Northern Right Fund generally is responsible for and pays all applicable brokerage and custodial fees. **See Item 12 below.**

The Northern Right Funds from time to time receive notices of class action settlements involving securities held or formerly held in the Northern Right Funds' portfolios. These notices provide the opportunity for the Northern Right Funds to participate in the settlement. In the vast majority of these situations, the Northern Right Funds' holdings of the particular security will not be substantial enough to justify taking an active role in litigation; as such, filing a claim with the claims administrator to participate in the settlement proceeds may oftentimes be the only way to realize any recovery. To facilitate filing claims, we have engaged a third party vendor to track claims, monitor portfolio holdings, provide updates on settlement details, file necessary forms and reconcile any payments received. The fees and expenses paid to or charged by such third party vendor generally are borne and paid by the Northern Right Funds. Payments on class action or other claims that are received by the Northern Right Funds (net of any applicable

expenses) generally are allocated on a pro rata basis among the capital accounts of all investors in such Northern Right Fund as of the date such settlement payments are received by such Northern Right Fund. In particular, former investors generally are not entitled to receive the benefit of or otherwise receive or be paid any such settlement payments, even if the applicable security was held by the applicable Northern Right Fund during all or a portion of the time that such former investors held interests in such Northern Right Fund. As a result, certain investors may be entitled to participate in and receive the benefit of such settlement payments even though they were not investors in the applicable Northern Right Fund during the period that such Northern Right Fund held the applicable security to which such settlement payments relate.

Advisory Accounts

In addition to management fees and/or performance-based fees, each Advisory Account client generally bears all costs and expenses relating to the Advisory Account's investment activities, including but not limited to all brokerage commissions, transfer taxes and other brokerage and custodial fees and expenses relating to transactions in the Advisory Account, together with Advisory Account client's proportionate share of any and all legal, accounting, consulting or other expenses incurred by us on behalf of the Advisory Account relating to actions taken by us with respect to the Advisory Account's investments, including without limitation any such expenses relating to compliance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

PERFORMANCE-BASED ALLOCATIONS AND FEES

As noted under Item 5 above, we or our affiliate may receive performance-based allocations or fees (including carried interest distributions) from our clients. Performance-based allocations or fees could motivate us to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because performance-based allocations or fees with respect to the Northern Right Funds may be calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us, we face a conflict of interest in valuing those portfolios. Certain of our individual employees and affiliates who are compensated to some extent based upon investment profits for which they are responsible face the same potential conflicts. We address these conflicts through our investment allocation policy and full and fair disclosure in the applicable governing, account and/or offering documents and/or this brochure.

In addition, in allocating investment opportunities, we may have an incentive to favor clients with a potential for performance-based compensation over clients with no potential for performance-based compensation. We are focused on monitoring the allocation of investment opportunities in such situations and endeavor to resolve in good faith any material conflict with respect to the allocation of investment opportunities. We have adopted policies and procedures in an attempt to ensure that all of our clients are treated in a fair and equitable manner with respect to the allocation of investment opportunities. **See Item 12.**

Item 7: Types of Clients

DESCRIPTION

We currently provide investment advisory services with respect to various types of clients including affiliated private pooled investment vehicles, Advisory Accounts, and other persons. We may in the future provide investment advice to other types of clients.

ACCOUNT REQUIREMENTS

Funds

The minimum initial capital contribution generally required for an investor in the Northern Right Funds is set forth in their offering memoranda.

To invest in the Northern Right Funds, investors generally must be, among other things, “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51)(A) of the Company Act.

Advisory Accounts

The Advisory Account clients are required to sign an investment management agreement that, among other things, sets forth the nature and scope of our investment management authority and the investment objectives, guidelines and restrictions applicable to the management of the Advisory Accounts. In addition, the Advisory Account clients generally must meet certain net worth, net asset and/or other eligibility requirements imposed by various securities laws.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

Funds

The primary investment objective of the Northern Right Funds is to achieve long term appreciation of their capital through investments in publicly traded strategies. To achieve our investment objective, the Northern Right Funds employ a concentrated long/short strategy focused on value investing in the small-cap space, and we seek to unlock value through active engagement with management teams and boards. We typically pursue activist strategies with respect to certain issuers in which the Northern Right Funds invest. The Northern Right Funds' portfolio generally will be highly concentrated in a small number of positions and typically will maintain a material cash balance. We may also establish short positions in securities and may selectively participate in direct financings.

Our methods of analysis include fundamental analysis. We conduct our own due diligence by extensively communicating with industry contacts, consultants and other experts that can provide valuable insights. Our approach is to identify valuable assets that are mispriced. We focus on undiscovered, oversold, misunderstood, forgotten and deeply discounted businesses.

Advisory Accounts

With respect to the Advisory Accounts, we typically invest in a limited number of issuers and pursue investment strategies that are similar to those pursued with respect to the Northern Right Funds while targeting different levels of risk. However, Advisory Accounts are managed in accordance with the terms, conditions, guidelines and limitations set forth in the applicable investment management agreements

The investment strategies summarized above are not intended to be comprehensive. For more information regarding the investment strategies, please see the applicable governing and/or offering documents of each client, as applicable.

CERTAIN RISK FACTORS

There can be no assurance that clients or investors will achieve their investment objectives or that investments will be successful. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that our investment strategies are low risk or risk free. Our investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. Prospective investors and clients are encouraged to consider the following risks, among others, before making any investment decisions. The various risks outlined below are not the only risks associated with our investment strategies and processes and may not necessarily apply to each client or investor. Investors and clients are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. With respect to Northern Right Funds, the following risks are qualified in their entirety by the risks set forth in the applicable offering documents.

General Economic and Market Conditions. The success of our activities is affected by general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of our clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of our clients' investments. Volatility and/or illiquidity could impair our clients' profitability or result in losses. Our clients could incur material losses even if we react quickly to difficult market conditions, and there can be no assurance that our clients will not suffer material losses and other adverse effects from broad and rapid changes in market conditions in the future. Clients should realize that markets for the financial instruments in which we seek to invest can correlate strongly with each other at times or in ways that are difficult for us to predict. Even a well-analyzed approach may not protect our clients from significant losses under certain market conditions.

Potential for Fraud. In spite of our desire to invest in reputable and trustworthy companies, there is a risk that we may invest our clients' assets in an issuer that engages in fraud. As recent ponzi schemes involving Bernie Madoff and Allen Stanford have shown, instances of fraud can be particularly difficult to detect and prevent. To the extent that we invest a company that engages in fraud, a client or an investor could lose all or a substantial portion of its investment and such fraud could have a material adverse effect on the client's financial condition and results of operations.

Terrorist Attacks and War. Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or its interests abroad may adversely affect the United States, its financial markets and global economies and could prevent us from meeting our investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, and other acts of war or hostility have created many economic and political uncertainties, which may adversely affect the United States and world financial markets and our clients for the short or long-term in ways that cannot presently be predicted.

Investment and Trading Risks Generally. All investments risk the loss of capital. No guarantee or representation is made that our investment strategies will be successful. Our investment strategies involve, without limitation, risks associated with limited diversification, equity risks, interest rates, currencies, illiquidity, volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in our activities. Certain investment techniques may, in certain circumstances, substantially increase the impact of adverse market movements to which our clients' investments may be subject. In addition, our clients' investments may be materially affected by conditions in the financial markets and overall economic conditions occurring globally or in markets where we invest our clients' assets.

Our methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Equity Risks. As noted above, we invest primarily in equity and equity-linked securities. The value of these securities generally varies with the performance of the issuer and movements in the broader equity markets. As a result, our clients may suffer losses if we invest in equity securities of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against such a general move. Our clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale. In some cases, the issuers of equity securities may be highly leveraged or subject to other risks such as limited product lines, markets or financial resources. Some of the small and mid-cap issuers of equity securities in which we invest may be more vulnerable than larger capitalization issuers to adverse business or market developments, may have limited markets or financial resources and may lack experienced management. In addition, some equity securities may be illiquid. Due to perceived or actual illiquidity or investor concerns regarding leveraged capitalization, certain equity securities often trade at significant discounts to otherwise comparable investments or are not readily tradeable. Such securities generally do not produce current income for clients and may also be speculative. In addition, actual and perceived accounting irregularities may cause dramatic price declines in the equity securities of companies reporting such irregularities or that are rumored to be subject to accounting irregularities.

Relative Value and Directional Investments. Our investment strategies depend on our ability to accurately predict future price movements of securities or the convergence of market prices toward the theoretical values expected by us. Any such attempt to predict future price movements is inherently risky and inaccurate. Often, price movements will be determined by unanticipated factors, and our analysis of known factors may prove incorrect, in each case potentially leading to substantial losses to our clients.

Small and Medium Capitalization Companies. We invest in the securities of companies with small to medium capitalizations. While we believe such securities provide significant potential for appreciation, securities of certain companies, particularly smaller-capitalization companies, involve higher risks in some respects than do investments in securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to clients) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in the securities of some small-capitalization companies, an investment in those companies may be illiquid.

Short Selling. Our clients' investment portfolios may include short positions. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which we engage in short sales depends upon our investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically

increase without limit, thus increasing the cost to our clients of buying those securities to cover the short position. There can be no assurance that we will be able to maintain the ability to borrow securities sold short. In such cases, our clients can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the security necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Highly Volatile Markets. The prices of financial instruments in which we invest may be volatile. Price movements of the financial instruments in which we invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Our clients are subject to the risk of failure of any of the exchanges on which their positions trade or of their clearinghouses. In addition, governments from time to time intervene in certain markets, directly and by regulation, particularly in currencies, futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause some or all of these markets to move rapidly in the same direction. The effect of such intervention is often heightened by a group of governments acting in concert.

Investments in Unlisted Securities. We may invest in unlisted securities of companies. Because of the absence of any trading market for these investments, it may take longer to liquidate, or it may not be possible to liquidate, these positions than would be the case for publicly-traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by our clients. Further, companies whose securities are not publicly-traded may not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities. In the event there is no trading market for these investments, we value such investments based either on consistently applied objective standards, such as indications from unaffiliated brokers, an independent appraisal or in accordance with other procedures we deem reasonable.

Convertible Securities. We may invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which clients place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by us is called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our investment objective.

Concentration of Investments and Risk Management Failures. We typically invest client funds in a limited number of small to medium issuers and generally have no formal guidelines relating to diversification of our clients’ assets. As a result, our clients’ portfolios may be concentrated in a limited number of issuers, types of financial instruments, industries, sectors, strategies, countries, or geographic regions, and any such concentration of risk may increase losses suffered by our clients. This limited diversity could expose our clients to losses disproportionate to market movements in general. Even when we attempt to control such risks, risks associated with different assets may be correlated in unexpected ways, with the result that our clients face concentrated exposure to certain risks. In addition, many other investment managers pursue similar strategies, which creates the risk that many funds would be forced to liquidate positions at the same time, reducing liquidity, increasing volatility and exacerbating losses. Although we attempt to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no

assurance that these efforts will be effective. Many risk management techniques are based on observed historical market behavior, but future market behavior may be entirely different. Any inadequacy or failure in our risk management efforts could result in material losses for our clients.

Non-U.S. Investments. We may invest in financial instruments of non-U.S. corporations and governments. Investing in the financial instruments of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains or other income, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict our clients' investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, we may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our clients' rights in such markets.

Corporate Debt. We may invest in bonds, notes and debentures issued by corporations. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. We may invest in corporate debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument which could cause substantial loss as the ratings are downgraded. Our clients' investments may experience significant credit rating volatility. In addition, our clients' may be paid interest in kind in connection with our clients' investments in corporate debt and related financial instruments (e.g., the principal owed to our clients in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, our clients may experience substantial losses.

Competition. The markets in which we participate are extremely competitive. There can be no assurance that we will continue to be able to identify or successfully pursue attractive investment opportunities in this environment. Clients should expect that their investments will involve substantially more company-specific and market risk and associated volatility in the future than in the past. We compete with many firms that have substantially greater financial resources, more favorable financing arrangements, larger research staffs and more securities traders than are available to us.

Hedging Transactions. We may utilize certain financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of a client's portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect a client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any financial instruments; (iv) hedge against a directional trade; or (v) for any other reason that we deemed appropriate. We generally will not be required to hedge any particular risk in connection with a particular transaction or generally. While we may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the client's portfolio than if we had not engaged in such hedging transaction. Moreover, a client's portfolio will always be exposed to certain risks that may not be hedged.

Less Liquid Instruments. Under certain market conditions, such as during volatile markets or when trading in an instrument or market is otherwise impaired, the liquidity of our clients' portfolio positions may be reduced. In addition, our clients may hold large positions with respect to a specific type of instrument, which may further reduce liquidity. During such times, we may be unable to dispose of certain assets, which would adversely affect our ability to rebalance our clients' portfolio or to meet withdrawal requests. In addition, such circumstances may force us to dispose of our clients' assets at reduced prices, thereby adversely affecting our clients' performance. If there are other market participants seeking to dispose of similar assets at the same time, we may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if our clients incur substantial trading losses, the need for liquidity could

rise sharply while its access to liquidity could be impaired. In conjunction with a market downturn, our clients' counterparties could incur losses of their own, thereby weakening their financial condition and increasing our clients' credit risk to them.

We may also invest in securities that are subject to legal or other restrictions on transfer. We may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when we desire to do so or to realize what we perceive to be their fair value in the event of a sale.

Default and Credit Risks. We may invest in debt obligations of both government and corporate issuers. These financial instruments involve the risk that the obligor either cannot or will not fulfill its obligations under the terms of the financial instrument. Our clients also assume the credit risk to their brokers, custodians and other counterparties in connection with brokerage arrangements, derivatives and other contractual relationships. In evaluating credit risk, we are often dependent upon information provided by the obligor, which may be materially inaccurate or fraudulent. Any actual default, or any circumstance that increases the possibility of such a default, could have a material adverse effect on our clients.

Interest Rate Risks. Our investment strategies may include investments in debt securities of government and corporate issuers. These and various other assets, as well as our clients' borrowings, subject our clients to risks associated with movements in interest rates. For example, we may be required to manage both curve risk, which is the risk that the slope of the yield curve will vary from the slope assumed in our strategy, and credit spread risk, which is the risk that the spreads between yields of differently rated issuers will change in a manner that adversely affects our clients' portfolio.

Litigation. Our investment activities may subject our clients to the risks of becoming involved in litigation with third parties. The expense of defending against claims against our clients by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by our clients and reduce net assets. We and our affiliates will generally be indemnified by our clients in connection with any such litigation, subject to certain conditions.

Trading Decisions. Trading decisions made by us are based on fundamental, technical and other analysis. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernable trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many advisors' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated. No assurance can be given that our strategies will be successful under all or any market conditions.

"Widening" Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the financial instruments in which we invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Counterparty Risks. We expect to establish relationships to obtain prime brokerage and other related services; however, there can be no assurance that we will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit our trading activities and could create losses, preclude us from engaging in certain transactions and prime brokerage services and prevent us from trading at optimal rates and terms. Moreover, a disruption in the prime brokerage services provided by any such relationships before we establish additional relationships could have a significant impact on our business due to our reliance on such counterparties.

Furthermore, there is a risk that any of our counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of our counterparties were to become insolvent or the subject of insolvency proceedings,

there exists the risk that the recovery of our clients' securities and other assets from our prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

We are not restricted from dealing with any particular counterparty or from concentrating any or all of our clients' transactions with one counterparty. Moreover, our internal credit function which evaluates the creditworthiness of our counterparties may prove insufficient. Our ability to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of our counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by our clients.

Conflicts of Interest. Various conflicts of interests exist among us, our investment team and our respective affiliates, on the one hand, and our clients and the investors, on the other hand. Our principals currently serve and may serve as directors, officers or committee members of public companies and their activities on behalf of those other companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties). In particular, such persons could face conflicts of interest between discharging their duties as directors, officers or committee members, as the case may be, of such companies and acting in the best interest of our clients.

Cyber Security Breaches and Identity Theft. We, our clients and our respective service providers depend on information technology systems and, notwithstanding the diligence that we may perform on such service providers, we may not be in a position to verify the risks or reliability of such information technology systems. We, our clients and our respective service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our, our clients' and our service providers' information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we and our affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we and/or our clients may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and our clients' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our or our clients' reputations, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to our clients or individual Investors by interfering with our or any affiliates' operations. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of our clients or us to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and clients may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS THAT ARE OR MAY BE ASSOCIATED WITH OUR INVESTMENT STRATEGIES. PROSPECTIVE CLIENTS AND INVESTORS SHOULD READ THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.

Item 9: Disciplinary Information

Neither we nor any of our employees have been involved in any material legal or disciplinary events related to past or present investment clients or investors.

Item 10: Other Financial Industry Activities and Affiliations

SERVICE AS OFFICERS AND DIRECTORS OF PUBLICLY TRADED COMPANIES

Messrs. Becker and Drapkin serve and expect to serve in the future as directors, officers or committee members of public companies, and their activities on behalf of those companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties) with advisory clients. Messrs. Becker and Drapkin may receive compensation from such public companies in their capacities as directors, officers or committee members. We attempt to address risks presented by their activities through full and fair disclosure in the applicable governing, account and/or offering documents and/or this brochure.

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

CODE OF ETHICS

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by access persons. Our code of ethics contains certain reporting and pre-clearance requirements with respect to personal trading by access persons. Access persons generally must provide our Chief Compliance Officer with a list of their personal accounts and initial holdings reports within 10 days of becoming an access person. In addition, access persons generally must also provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1 of the Advisers Act. We also maintain certain policies and procedures designed to prevent access persons from misusing material non-public information and to ensure compliance with applicable securities laws. We will furnish a copy of our code of ethics to clients upon request.

PERSONAL TRADING

Personal trading by access persons generally may be conducted only if (a) the proposed transaction will have no adverse effect on any of our clients, (b) the proposed transaction will not position the person involved to profit from a trade made or position held by a client, (c) no insider trading is involved, and (d) the proposed transaction is consistent with published SEC interpretations. Without the prior written approval of the Chief Compliance Officer in each instance, access persons generally are not permitted to trade in the securities of issuers with market capitalizations of \$3 billion or less. Access persons generally may trade in the securities of issuers with market capitalizations of more than \$3 billion without the prior written approval of the Chief Compliance Officer (unless such issuer or its securities appear on the “Restricted Record” (as described below) or is otherwise restricted pursuant to our personal trading policy. Access persons generally are also required to obtain the prior written approval of the Chief Compliance Officer prior to acquiring ownership of any securities issued in an initial public offering or securities issued in a private placement. Access persons are prohibited from engaging in “front-running,” which is the practice of trading in advance of client accounts. To prevent this practice, we closely monitor the investments made by our access persons.

We maintain a “Restricted Record” with the names of issuers of securities about which we (or our access persons) have (or may be deemed to have) material, non-public information. Access persons generally are prohibited from trading securities on the Restricted Record (or any other securities to which the material non-public information relates), without the prior approval of the Chief Compliance Officer.

The Chief Compliance Officer or her designee generally periodically reviews access persons’ personal transaction and holdings reports in an attempt to confirm that each access persons is conducting his or her personal securities transactions in a manner that is consistent with the code of ethics.

One or more access persons are or may be subject to special policies and procedures with respect to personal trading and other policies and procedures in our code of ethics, to the extent permitted by applicable law.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

We may recommend that clients buy or sell securities or other investment products in which we or a related person has some financial interest. We may also serve as a director of a company whose securities are held by one or more clients. Certain of our employees and affiliates thereof may, and do, invest from time to time in the Northern Right Funds. The fact that our affiliates and employees may each have a financial interest in the Northern Right Funds and securities owned thereby creates a potential conflict of interest in that it could cause us and our affiliates to make different investment decisions than if such parties did not have such financial interests.

We may engage in securities transactions on behalf of certain clients that may be different from, and contrary to, transactions engaged in by us on behalf of other clients.

We attempt to address these potential conflicts through regular monitoring of the clients’ portfolios and investments for consistency with their respective objectives, strategies and target capacity (among other things). Furthermore, we generally attempt to consider the material risks involved in our investment recommendations. Our code of ethics

requires employees to place the interests of our clients over their own or those of us or our affiliates and all employees are required to acknowledge their receipt and understanding of the code.

CO-INVESTMENTS

We may give certain persons, including investors, advisory clients and other third parties, an opportunity to co-invest alongside the Northern Right Funds and/or other Advisory Accounts in certain investments. In general, we will set the terms of such co-investment in our discretion, subject to acceptance by the potential investor(s). In the event of a co-investment opportunity, no client or investor is or will be required to participate in that co-investment opportunity unless it so chooses. NRC Partners generally will co-invest alongside the other Northern Right Funds in certain investments according to the terms and conditions set forth in its governing documents.

Item 12: Brokerage Practices

SELECTING BROKERAGE FIRMS

In general, we have authority to select the brokers and other counterparties to be used for client transactions and negotiate commission rates and other payments by clients. We select broker-dealers on the basis of obtaining the best overall terms available, which we evaluate based on a variety of factors, including, without limitation: (i) financial stability of the broker; (ii) the broker's "commission" rates or spread; (iii) the broker's inventory and availability of the security in question; (iv) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial and other services provided by such brokers and/or dealers that are expected to enhance our general portfolio management capabilities; (v) websites and other related services; (vi) the size and type of the transaction; (vii) quality of execution; (viii) confidentiality; (ix) the operational facilities of the brokers and/or dealers involved (including back office efficiency); and (x) the ability to handle a block order for securities and distribution capabilities. Because commission rates in the United States as well as other jurisdictions are negotiable, selecting brokers on the basis of considerations which are not limited to applicable commission rates may at times result in higher transaction costs than would otherwise be obtainable.

BEST EXECUTION

In placing orders for the purchase and sale of securities, we seek best net execution, which includes both commissions and execution prices. Orders are placed with brokers or dealers which we believe to be responsible and provide effective execution of client orders under conditions most favorable to client accounts.

SOFT DOLLAR PRACTICES

We may use soft dollars generated by client accounts to pay for certain research and/or related services provided by brokers described above. The term "soft dollars" refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and our clients. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by clients), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on our clients' interest in receiving most favorable execution. We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

Soft dollar benefits generally are used to service all of our clients. We seek to allocate soft dollar benefits among client accounts in a fair and equitable manner under the circumstances, but there can be no assurance that we will be successful in this regard.

During the last fiscal year, we acquired research consulting services with client brokerage commissions.

Section 28(e) of the Exchange Act provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We intend that any soft dollars that we receive in connection with client-related matters would be within the limitations set forth in Section 28(e) of the Exchange Act.

BROKERAGE FOR CLIENT REFERRALS

In selecting or recommending brokers, we do not consider whether we or our related persons receive client or investor referrals from such brokers.

DIRECTED BROKERAGE

We do not routinely recommend, request or require that clients direct us to execute transactions through a specified broker-dealer. We generally do not permit clients to direct brokerage for order execution purposes.

ALLOCATION OF INVESTMENT OPPORTUNITIES

We generally allocate investment opportunities among our applicable clients in a fair and equitable manner based upon, among other things, the investment objectives, guidelines and restrictions, risk profiles, financial conditions and tax status of each client. If each participating client receives less than its full allocation, then each participating client generally receives its *pro rata* portion of the executed order. Under certain circumstances, we have discretion to utilize alternative allocation procedures, provided that all participating clients are treated fairly and equitably.

Notwithstanding the foregoing, the Northern Right Funds and the Advisory Accounts generally have priority with respect to all new activist investment opportunities that we identify.

ORDER AGGREGATION

We generally place aggregated orders or block trades for multiple clients when advantageous to clients, when not favoring certain clients over other clients and when consistent with the duty of best execution. Our primary consideration is fair and equitable treatment of all of our clients, and not simply lowering commissions. Whenever possible, the discretionary purchase or sale (execution) price of a security bought or sold during the same day effected by the same broker-dealer will be equitably averaged and aggregated with similar discretionary purchases and sales for other clients, including for related persons.

Item 13: Review of Accounts

REVIEWS OF ACCOUNTS

The portfolio manager, Matthew Drapkin, generally conducts reviews of client accounts on a daily basis. With respect to accounting matters, we have engaged a nationally-recognized, independent public accounting firm to conduct annual audits of the Northern Right Funds.

We invest client assets primarily in publicly-traded equity securities. In monitoring the performance of the investments, we perform various levels of review. Among other items, we may consider short and long term rates of return, investment performance and risk allocations.

REPORTS TO CLIENTS AND INVESTORS

We generally provide periodic performance reports to our clients and investors. We furnish portfolio valuation reports and audited financial statements annually to investors in the Northern Right Funds for each full fiscal period. All such reports are written. In addition, we provide (and may in the future provide) certain additional information and/or reports to certain clients and/or investors that is not distributed to other clients and/or investors.

Item 14: Client Referrals and Other Compensation

THIRD PARTY COMPENSATION

Except as described in Item 12 above, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other services to our clients.

REFERRALS

We have entered into, and may in the future from time to time enter into, agreements or arrangements with third party placement agents or solicitors who refer clients or investors in one or more of the Northern Right Funds to us. For their referral services, such persons may receive compensation from us (or our affiliates) which may be (i) a percentage of the management fee and/or performance-based allocation or fee, or (ii) a flat fee retainer payment. Investors generally will not be charged any higher or additional fee as a result of such agreements or arrangements. In every instance, all arrangements and payments of referral fees will be disclosed to investors. The names of any solicitors engaged with respect to a Northern Right Fund are set forth in Section 7.B. of Schedule D of Part 1 of our Form ADV.

Item 15: Custody

Funds

We are deemed to have custody of each of the Northern Right Funds' cash and securities. In general, all cash and securities of such clients are held with one or more qualified custodians. We may change custodians at any time and from time to time without the consent of, or notice to, investors. In general and to the extent required by law, independent public auditors will conduct annual audits of each of the Northern Right Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) will be provided to investors on an annual basis. We generally attempt to provide such statements to investors within 120 days, as applicable, after the end of each fiscal year, but there can be no assurance that we will be successful in this regard.

Advisory Accounts

We do not expect to have actual or constructive custody of any Advisory Account client's cash or securities. To the extent that we have or are deemed to have custody, we intend to comply with applicable legal and regulatory requirements.

Advisory Account clients receive account statements and reports directly from their applicable qualified custodians and should carefully review those statements and reports. We urge Advisory Account clients to compare the account statements and reports they receive from their custodians with any statements or reports they receive from us.

Item 16: Investment Discretion

DISCRETIONARY AUTHORITY

Subject to the guidelines and objectives set forth in the applicable governing documents, we have discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold on behalf of the Northern Right Funds. Depending on the terms and conditions of the applicable investment management agreements, we may also have discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of the Advisory Accounts.

LIMITED POWER OF ATTORNEY

Each applicable investor in the Northern Right Funds generally grants the general partner of the Northern Right Fund a limited power of attorney to enable the general partner to execute the applicable partnership agreement on its behalf. In addition, each Advisory Account client generally grants us a limited power of attorney to enable us to conduct authorized trading on their behalf.

Item 17: Voting Client Securities

Funds

We generally have the authority to vote proxies with respect to securities owned by our clients. We have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of each of our clients, as determined in our discretion, and our proxy voting policy. Investors generally may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

Investors and clients may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Advisory Accounts

We may accept authority to vote securities held by or on behalf of Advisory Account clients. In such event, we vote proxy proposals, amendments, consents or resolutions in a manner that serves the best interests of the Advisory Account clients, as determined in our discretion, and in accordance with our proxy voting policy.

Advisory Account clients may obtain copies of our proxy voting policy, together with information regarding how we have voted past proxies, by contacting us.

Depending on the applicable circumstances, we may vote one client's securities differently than we vote those of another client, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, we may determine that it is in the client's best interest for us to "abstain" from voting or not to vote at all and will do so accordingly.

At times, conflicts may arise between the interest of a client, on the one hand, and the interest of either another client, us or their respective affiliates on the other hand in consideration of a proxy vote. For example, a vote could arise in relation to a single company that (i) has issued stock to a client with a buyout investment mandate, and (ii) has issued bonds or other debt instruments that are owned, in part, by a client that is permitted to invest in debt instruments. To address such potential conflicts, we follow the procedures outlined in our proxy voting policy. Our proxy voting policy requires that in all situations involving a potential conflict between two clients, the vote will be made without regard to our actual or anticipated compensation. We or a client may utilize a third-party service provider to assist us with the processing of proxy votes.

Item 18: Financial Information

Not applicable.

General Information

PRIVACY POLICY

We have adopted policies and procedures that we believe are reasonably designed to protect various records and information of clients and investors. Except as set forth in the applicable offering materials or account documents and as otherwise authorized by each client and/or investor, private information about clients and investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation and/or management of client accounts. Notice of our privacy policy is available to clients and investors upon request.

TRADE ERRORS

It is our general practice that our personnel make and implement investment management decisions with the utmost care. Nevertheless, if a trade error occurs, it is generally our policy that the error be corrected as soon as possible. We generally will not be responsible for any losses caused by trade errors, except to the extent such losses were caused by our gross negligence, willful misconduct, fraud or bad faith.