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FORM ADV PART 2A BROCHURE

This brochure provides information about the qualifications and business practices of DH Partners, LLC. If you have any questions about the contents of this brochure, please contact DH Partners, LLC at (206) 254-4100. 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.

Additional information about DH Partners, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for DH Partners, LLC is 133664.

DH Partners, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our initial filing, dated March 28, 2018 we have made the following material changes to our Form ADV:

- We updated our assets under management. Please refer to the *Advisory Business* section of this brochure for additional information.
- We amended the section relating to the Withdrawal Fee and removed "if withdrawn prior to the first anniversary ". Please refer to the *Fees and Compensation* section of this brochure, specifically the *Lock-up, Liquidity & Withdrawal Provisions* section.
- We removed a disclosure that John Waechter is a Director of Seattle Bank and replaced it with a disclosure that J.D. Delafield, President of Delafield Hambrecht, Inc. is a Director of Seattle Bank. Please refer to the *Other Financial Industry Activities and Affiliations* section of this brochure for further information.

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Item 4 Advisory Business

DH Partners, LLC ("**DH Partners**") is an investment adviser headquartered in Seattle, Washington. DH Partners' principal business is serving as the general partner and investment adviser for two private funds described below (the "Funds").

DH Partners' principal role with respect to each Fund is to serve as general partner and perform the general partner's responsibilities pursuant to the Fund's partnership agreement, private placement memorandum, and subscription agreement, among other key agreements. Because DH Partners' responsibilities are governed and described by agreements that refer to it almost exclusively as general partner, this Brochure will continue to refer to DH Partners, and its duties and obligations, as "**General Partner**," even when it is acting as an investment adviser.

DH Partners began operations in 2003 and registered as an investment adviser with the State of Washington in 2006. DH Partners is owned by Delafield Hambrecht, Inc. ("**DHI**"); J.D. Delafield has voting control of and is the only owner of a 25% or greater interest of DHI.

The General Partner serves as investment adviser and general partner of the following Delaware limited partnerships (jointly, the "**Funds**");

Delafield Hambrecht Partners Fund, LP ("**Partners Fund**") - the Partners Fund seeks long-term, tax-efficient returns by focusing primarily on a universe of micro/small-cap companies located in the Pacific Northwest. J.D. Delafield is the portfolio manager of the Partners Fund. As of December 31, 2018, the discretionary assets under management of the Partners Fund were \$88,684,721;

Delafield Hambrecht Micro-Cap Value Fund, LP ("**Value Fund**") - the Value Fund seeks long-term growth by capitalizing on market inefficiencies in micro-cap stocks through a disciplined, fundamental approach. Andy Lufkin is the portfolio manager of the Value Fund. As of December 31, 2018, the discretionary assets under management of the Value Fund were \$28,295,988.

Assets Under Management

As of December 31, 2018, the discretionary assets under management for the Funds totaled \$116,980,709. We do not have any non-discretionary assets.

J.D. Delafield and Andy Lufkin, principals of the General Partner, are referred to jointly as the "**Principals**." If a discussion is intended to be limited to a particular Fund, this Brochure endeavors to specify the particular Fund (e.g., the "Partners Fund" or "Value Fund"). Otherwise, the term "Fund" or "Funds" will be used to refer to either or both of the Funds, unless the context suggests a different meaning.

The Partners Fund

Although the Pacific Northwest is home to many large, bellwether corporations, smaller companies dominate the public company landscape—greater than 75% of companies have market capitalizations under \$1.0 billion. The Partners Fund focuses on these companies. The Fund's portfolio manager and analyst (the "**Investment Team**") leverage proximity to these companies to develop relationships among founders, board members, management teams, key executives, venture capitalists, lawyers and other advisors to the companies in which the Fund may consider investing.

The Partners Fund has very few restrictions on the investments it is permitted to make. The General Partner has the authority to buy (and sell short) publicly traded equities, PIPES, equity-linked securities, derivatives and private equity investments. The General Partner has the authority to borrow money to leverage the portfolio. Limited Partners should be aware that the General Partner may at any time decide to alter meaningfully the current investment strategy or approach, without notification.

Security selection is driven by a bottom-up evaluation of companies in the Partners Fund's universe. The Investment Team builds financial models to assess companies' income, cash flow statements, and balance sheets. The Investment Team evaluates corporate ownership, short interest levels, liquidity (average daily trading volumes - shares and dollars) and other relevant non-financial information.

Valuation philosophy starts with a focus on relating cash flow multiples to cash flow growth rates. Free cash flow yields are a second order valuation metric calculated and considered. For those companies with attractive valuations, quality of management and the board is considered. The Investment Team's philosophy is based on investing, at attractive prices, in good businesses with strong balance sheets and cash flows run by ethical people who put the interests of the shareholders first.

The Partners Fund will be concentrated, at times heavily, and typically will have 75% or more of its assets invested in its top ten positions plus reserves. While tax efficiency is a goal of the Partners Fund; it can be difficult to achieve, especially in a relatively concentrated portfolio in a volatile market. The Partners Fund should not be considered a "tax shelter," and the sheltering of income from tax liability is not a purpose of the Partners Fund.

The Value Fund

Today, there are approximately 4,700 US-based companies with market capitalizations of less than \$700 million. ("micro capitalization" or "micro-cap" companies). Micro-cap companies typically have less liquid markets, and are often less profitable for Wall Street firms to cover. Consequently, these companies may find themselves followed by relatively few, if any, securities analysts and ignored by many portfolio managers.

Micro-cap stocks generally have less share volume, but may experience significant price volatility and wide spreads between their bid and ask prices. Accordingly, the Value Fund's investment focus generally requires it to have a three to five year investment outlook for a portfolio security. The Fund targets a diversified portfolio of 50-70 equity holdings and cash balances of less than 10%. Since the Fund typically acquires its interest in companies with an intent to hold the position for at least one year, transactional expenses should be minimized and the returns generated by the Fund should tend to be tax-efficient.

The portfolio manager employs a number of quantitative analytical tools and tests in evaluating prospective companies. After screening securities for minimum scale of operation, liquidity, reporting, and valuation, the portfolio manager sorts the remaining candidates based on criteria that include: revenue growth, gross margin trends, balance sheet strength, discretionary cash flow, working capital trends, re-investment, accounting methods, insider sentiment, etc. Candidates are then subjected to acquisition analyses. From the quantitative screen, companies are reviewed for sustainable growth characteristics, an understandable and successful business strategy, capable management, strong corporate governance and ethical stewardship, proper use of corporate profits, and appropriate executive compensation levels. The Value Fund's bottom-up, value investing approach is used to arrive at valuation based on criteria that are current and difficult to dispute.

Offerings of the Limited Partner Interests

Limited Partner interests in the Funds (the "**Interests**") are offered to accredited investors who are "qualified clients" under SEC Rule 205-3. Each offering (an "**Offering**") of Interests is and will be made pursuant to a Fund's private placement memorandum (the "PPM"). The Interests have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), the securities laws of any State or any other jurisdiction, nor is such registration contemplated.

The Interests are offered and sold under the exemption provided by Section 4(2) of the 1933 Act and/or Regulation D promulgated thereunder, and exemptions of similar import under the laws of States where Offerings are made. The Interests may not be sold or transferred unless they are registered under the 1933 Act or an exemption from registration is available. The Funds are not registered as investment companies under the Investment Company Act of 1940, as amended, pursuant to an exemption from registration.

Prospective Limited Partners are alerted to the fact that they will be admitted as Limited Partners, and their capital contributions will be remitted for the benefit of the Fund, as of the first day of the month next succeeding acceptance of their subscription. Prospective Limited Partners should read the Fund's **PPM**, "**Partnership Agreement**", "**Subscription Agreement**" (all the "**Offering Documents**"), and any performance or portfolio information provided by the General Partner carefully and consult with their legal, tax and financial advisors before investing.

Item 5 Fees and Compensation

Fees are charged in arrears as follows and are subject to change in accordance with the terms of the Partnership Agreement for each Fund:

Management Fee. A fee of 1% per annum of net asset value is charged to all Limited Partners. This fee is calculated and payable in arrears at the beginning of each calendar month (1/12th of 1%). The management fee is allocated among the Limited Partners in proportion to their capital account balances. The Management Fee is payable to DHI in consideration of its administrative support services for activities of the General Partner.

Incentive Allocation. The General Partner earns an incentive allocation of 20% of the net profits of the respective Fund, which is charged to all Limited Partners in that Fund pursuant to the Limited Partnership Agreement. The incentive allocation is subject to a "**high water mark**" that restricts the General Partner from receiving this allocation if a Limited Partner has not recognized cumulative net profits as of the date of such allocation. The incentive allocation is generally earned at the end of each fiscal year and is charged to Limited Partners in accordance with provisions of SEC Rule 205-3. All Fund Limited Partners are qualified clients, as defined in SEC Rule 205-3.

Lock-up, Liquidity & Withdrawal Provisions

In general, Limited Partners are not permitted to withdraw their capital from the Funds until after the first anniversary of the Limited Partner's admission to the Fund. After the first anniversary, each Fund provides specific liquidity dates when a Limited Partner is permitted to make a partial or complete withdrawal of their capital, according to the terms of the Fund's Partnership Agreement, which vary by Fund.

After the first anniversary, the Partners Fund provides liquidity dates for partial withdrawal of at least \$100,000 of a Limited Partner's capital with 90 days' advance notice semi-annually each June 30 and December 31, as long as the Limited Partner's capital account does not fall below \$250,000. The Value Fund provides liquidity dates for partial withdrawal of at least \$50,000 of a Limited Partner's

capital with 30 days' advance notice quarterly as of the end of each Fiscal Quarter (as defined in the Partnership Agreement), as long as the Limited Partner's capital account does not fall below \$100,000.

If securities are liquidated, distributed in kind, or segregated in a separate account to effectuate a withdrawal requested by a Limited Partner, the costs incurred by the Fund associated with such withdrawal (all the "**Extraordinary Withdrawal Costs**") will be allocated to the capital account of the withdrawing Limited Partner. For the Value Fund, the Partnership Agreement provides that if a Limited Partner's withdrawal is effective on a date other than the last day of a Fiscal Quarter, in the General Partner's discretion, the Extraordinary Withdrawal Costs may also include a charge that will reflect actual or estimated extraordinary accounting and other administrative costs to the Fund and existing Limited Partners associated with permitting such mid-quarter withdrawal.

If a Limited Partner withdraws any of its capital, the General Partner may impose a "**Withdrawal Fee**" of up to 1% of the capital requested to be withdrawn, which the General Partner may net against the capital requested to be withdrawn prior to payment. The Withdrawal Fee is separate from and in addition to the Extraordinary Withdrawal Costs allocable to the Limited Partner. The General Partner may, in its sole discretion, waive or modify any condition or requirement for a Limited Partner's withdrawal of capital, including without limitation, completion of the lock-up period, compliance with notice requirements, and payment of the Withdrawal Fee and Extraordinary Withdrawal Costs.

Payment in connection with a Limited Partner's partial withdrawal will be made within 30 days after the quarterly (Value Fund) or semi-annual (Partners Fund) liquidity dates provided by the respective Fund's Partnership Agreement, without any interest. For a complete withdrawal, payments will be made as follows:

- for the Partners Fund, 90% of the General Partner's estimate of the amount owed to the Limited Partner with respect to the capital withdrawal will be paid to the withdrawing Limited Partner within 30 days after the semi-annual liquidity date, without interest, and the balance will be paid, without interest, promptly after completion the General Partner's final reconciliation of valuations of Fund assets as of the withdrawal date;
 - notwithstanding the preceding provisions, a Limited Partner is not permitted to withdraw any portion of its capital account represented by an interest certain investments deemed by the General Partner to be illiquid, as described in the Partnership Agreement for the Partners Fund (a "**Side Pocket investment**"). When a Side Pocket investment is ultimately realized (or a Deemed Realization occurs, as defined in the Partnership Agreement), the proceeds are transferred from the Side Pocket Account to the capital accounts of the Limited Partners participating in the Side Pocket investment in accordance with their Side Pocket Ownership Percentages; and
- for the Value Fund, 90% (or a lesser percentage, as determined by the General Partner, in its discretion) of the General Partner's estimate of the amount owed to the Limited Partner with respect to the capital withdrawal will be paid to the withdrawing Limited Partner within 30 days after the quarterly liquidity date, without interest, and the balance will be paid, without any interest, within 10 days following completion of the Fund's financial statements for the Fiscal Year in which the withdrawal is effective.

The General Partner of each Fund determines the proportion of cash and securities (and which securities) that will comprise the payment of a Limited Partner's capital. The Fund's Partnership Agreement contains detailed provisions governing the General Partner's and Limited Partner's rights

and obligations with respect to capital distributions, including without limitation a distribution of a Partners Fund Limited Partner's share of proceeds from a realization or Deemed Realization of a Side Pocket investment. Prospective Limited Partners are urged to review those provisions.

DHI will pay and bear, and not be entitled to any reimbursement for, the following routine operating expenses: salaries, benefits and other related compensation of employees providing services on behalf of the General Partner and rent for office use. All other Fund expenses shall be borne by, or reimbursed to DHI or the General Partner by, the Funds, including legal, audit and accounting fees incurred by or on behalf of the Funds, fees and costs related to investments in securities (including brokerage commissions and other transaction-related expenses), internal management and shareholder distributions (including any asset-based fees, such as so-called 12b-1 fees) borne indirectly by the owners of shares of investment company securities (including mutual funds and exchange traded funds) wire and electronic fund fees, and legal, research and due diligence fees and expenses, taxes imposed on the Funds, fees or assessments in connection with any regulatory approvals deemed appropriate by the General Partner, interest on margin accounts, bank service fees and expenses of Limited Partner meetings.

Negotiability of Terms

The General Partner reserves the right, in its sole discretion, to negotiate the terms of a Limited Partner's investment, including without limitation, the Management Fee, the Incentive Allocation, the terms of a Side Letter, or other terms. In assessing whether to negotiate and whether to agree to particular terms requested by a prospective Limited Partner, the General Partner will consider, among other factors, the size of the proposed and any previous investment by the Limited Partner, possibilities for additional investments from the Limited Partner or related accounts, and existing or anticipated business.

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

The General Partner charges performance-based fees, also referred to as the Incentive Allocation (see Item 5 above). The Incentive Allocation is generally earned at the end of each fiscal year and is charged to Limited Partners who are qualified clients, in accordance with provisions of SEC Rule 205-3. The General Partner does not currently engage in side-by-side management with any accounts.

Item 7 Types of Clients

The General Partner provides investment supervisory and management services on a discretionary basis for the Funds. Limited Partners in the Funds are institutional and sophisticated investors and high net worth individuals. As a general policy, the Funds are offered privately only to "qualified clients" as defined in SEC Rule 205-3. All Limited Partners in the Funds must also be "accredited investors" as defined under the Securities Act of 1933, as amended. A minimum investment of \$250,000 is required with respect to Limited Partner Interests in the Partners Fund, and \$100,000 of Limited Partner Interests in the Value Fund, subject to modification of such requirements by the General Partner pursuant to the Funds' Partnership Agreements.

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

The General Partner's analytical approach is based on assessment of fundamental company characteristics, derived from financial newspapers and magazines, data service providers, inspection of corporation activities, research materials prepared by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and other publicly available materials.

Pursuant to the Partnership Agreements, the General Partner may engage in borrowings, short sales, options, calls, straddles or similar hedging strategies, however, such techniques are not currently part of either Fund portfolio.

The Partners Fund has the authority to make private investments. Private investments are generally illiquid, and their value can be difficult to establish. Due to the subjective nature of valuing private investments, and their illiquid nature, the Partners Fund may discover it is not able to meet Limited Partner requests for withdrawal of capital.

The following does not purport to be a complete description of the risks involved in an investment in a Fund. Prospective Limited Partners should read the applicable Private Placement Memorandum, Partnership Agreement, Subscription Agreement, and the accompanying documentation in their entirety, and consult their own legal, tax and financial advisors.

Risks Related to Investment in the Funds

The purchase of a Limited Partner Interest entails certain risks that prospective Limited Partners should consider before investing. There can be no assurance that an investment in a Fund will be profitable or, if it is profitable, that any particular yield or rate of return will be obtained or other investment objective will be realized. A prospective Limited Partner should only invest in a Fund as part of an overall investment strategy and only if the Limited Partner is able to withstand a total loss of the investment in a Fund. Funds are subject to material risks that are not described herein.

Additional risks regarding the Funds are disclosed in the PPM and other organizational, offering, and related documents of each Fund. Limited Partners are encouraged to review carefully the Fund's PPM and accompanying Offering Documents, and particularly, (but not limited to) the full description of risk factors presented in the Fund PPM.

Investment Risks

Investments in the Funds carry with it inherent risks associated with investment in securities as well as risks associated with concentration in a limited number of companies. Limited Partners face the risk of loss for all capital invested. While the General Partner attempts to moderate these risks, there can be no assurance that the Funds' investment strategies will be successful or that Limited Partners will not suffer losses.

Reliance on the General Partner and the Principals

The success of the Funds depends on the ability of General Partner and particularly the Funds' portfolio managers to develop and implement investment strategies to achieve the Fund's investment objectives.

A Fund's investment performance could be materially adversely affected if the portfolio manager for the Fund were to die, become ill or disabled or otherwise cease to be involved in the active management of the business of the Fund's portfolio. At this time, no succession plan is in place for the management of the Funds and thus, should a material, adverse event occur involving either portfolio manager, the

General Partner will adhere to the Business Continuity Plan in place. Except under specified circumstances, in the event of the removal or withdrawal of the General Partner, a Fund will be dissolved.

The Limited Partners have no right or power to take part in the management of the Funds.

Other Business Relationships

The General Partner and the Principals will devote as much of their time and resources to the activities of the Funds as they deem necessary and appropriate. The Funds' Partnership Agreements do not restrict the General Partner or the Principals from entering into or engaging in other business or investment activities or obtaining profits therefrom, even if those activities may differ from or be in competition with the Funds, or may involve substantial amounts of the General Partner's and the Principals' time and resources.

Specifically, Mr. Delafield devotes a meaningful portion of his time to the activities of DHI and serves as portfolio manager for the Partners Fund. Andy Lufkin, CFO of DHI, serves as portfolio manager for the Value Fund. DHI and its principals contemplate the organization and operation of other investment funds in the future, some of which may have investment objectives similar to those of the Funds.

These activities create a conflict of interest in that the General Partner's resources are not devoted exclusively to the business of the Funds. Other investment funds for which the General Partner and its Principals may advise or manage could have compensation or profit-sharing arrangements that may become more beneficial than those provided in the Partnership Agreements of the Funds, which will create an economic incentive that could affect the General Partner's and Principals' decisions as to how to allocate their time, resources and investment opportunities.

Investment Opportunities

Conflicts of interest could arise in connection with allocation of investment opportunities between the Funds. Pursuant to each Fund's Partnership Agreement, the General Partner has sole responsibility for allocation of investment opportunities between the Funds. The General Partner intends to allocate opportunities using such methods of allocation as it deems appropriate under the circumstances.

In the event both Funds are interested and able to invest in securities that are in limited supply, the General Partner will determine whether one or both Funds shall receive an allocation of the security, and the amount of the allocation. The General Partner may consider and give greater (or lesser, in its discretion) weight, depending on the circumstances then existing to any one or more of the following factors:

- Each Fund's cash available for investment, overall liquidity needs, tax position, investment restrictions, investment objective, and relative and absolute performance against applicable benchmark; the asset class or type of security of the proposed investment; issuer and industry sector of the security; then-current and forecasted market, economic, political, and monetary conditions; quantity of the security available for allocation; current portfolio targets for yield and credit quality; and previous allocations of limited investment opportunities.
- Such factors may be calculated, derived, or estimated by the General Partner or any third party or data source the General Partner believes is reasonably reliable. Although the selection of a Fund to participate in a particular investment opportunity may, in that instance, work to benefit the participating Fund (to the detriment of the non-participating Fund), the General Partner will use reasonable efforts to manage both Funds fairly and non-preferentially over time.

Although the portfolio managers of the Funds are authorized to aggregate their orders to reduce the costs or seek better execution, it is unlikely that such circumstances will arise in view of the particular portfolios managed for each Fund. Consequently, aggregated trades are not expected.

Other Activities of the General Partner & Principals

The General Partner and the Principals will devote such time and services to the Funds as they deem necessary for the efficient conduct of the Funds' businesses, but they will not be required to devote full time to the performance of such duties, nor will they be prevented from engaging in other activities for profit. In the Partnership Agreement, the Limited Partners acknowledge that such activities on the part of the General Partner and Principals shall not give rise to any obligation to account to another Limited Partner or to a Fund for any profits or other benefits derived therefrom, and neither a Limited Partner nor a Fund will have or be entitled to any interest in any such activity, business or investment.

Investment Opportunities of the Limited Partners

The General Partner, DHI and their respective Principals and employees have no obligation to provide the Funds or any other account with any particular investment opportunity or to refrain from taking advantage of an investment opportunity that could be beneficial to the Funds.

Asset Valuation

The General Partner has substantial discretion in determining the value of each Fund's assets. While the value of most marketable securities is based on prices reported in the public markets, at times, the size of a block of securities held by a Fund or temporary restrictions on resale may justify imposing a discount on the market-determined value. Whether and how much to reduce the value of securities in any of these circumstances is subject to the General Partner's discretion.

The Partners Fund may acquire private equity securities in negotiated transactions as to which there is no market-determined price. In addition, certain securities acquired when marketable may become delisted or private resulting in the General Partner being required to value such securities at its sole discretion. The General Partner has discretion in these cases to classify such assets as Side Pocket Investments. The General Partner may face a conflict of interest in making any of these valuation decisions, including with respect to Side Pocket investments.

Application of a discount to the value of marketable securities or valuing non-marketable securities in a Fund's portfolio may reduce, or eliminate, any Incentive Allocation to which the General Partner would otherwise be entitled for the period ending on a valuation date or increase the amount of loss carryforward to be recovered before an Incentive Allocation is payable. Any reduction in the value of any assets held by a Fund will reduce the amount of Management Fee to which the General Partner (or DHI) is entitled. Similarly, increases in the value of assets, including Side Pocket investments, may increase the amount of the Incentive Allocation and will increase the amount of the Management Fee.

Board Seats for Portfolio Companies

From time to time, the General Partner will have the right or option to designate a person to serve as a member of the board of directors for a portfolio company in which a Fund has invested. Although the General Partner generally designates one of its employees to serve in these positions, from time to time, the General Partner will seek non-employee candidates to fill such a position. In those cases, selection of the individual is within the General Partner's discretion and the decision could be based on a wide number of factors, depending on the particular portfolio company, its industry and needs; however, selection will require an individual with available time, experience, temperament, and judgment for the particular position, and ability to assist the General Partner to report the results of board meetings (within certain limits as a board member) to the Fund in monitoring its investment in

the portfolio company. The General Partner expects that management of certain portfolio companies in which the Funds have invested or will invest in the future will be considered as candidates for board positions.

Micro Capitalization Stocks

The Value Fund expects to invest a substantial amount, if not all, of Fund assets in stocks of micro-cap companies. The market prices of micro-cap company shares typically exhibit greater volatility than large-company shares. Micro-cap companies may have limited resources for expanding or surviving in a newly competitive environment, lack depth of management, have a limited product line, and be more sensitive to economic downturns than companies with large capitalizations. Some of the securities in which the Fund invests may be relatively illiquid, either because they are thinly traded, because they are traded in the over-the-counter market or on a regional exchange, or because they are subject to transfer restrictions. The Value Fund may not be able promptly to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of valuing Interests and determining net profits and net losses may differ from the value the Fund is ultimately able to realize. Micro-cap stocks may underperform other kinds of investments for a longer period of time, which may last years.

Private Equity Investments

The Partners Fund expects to invest a portion of its assets in private equity transactions of companies whose securities do not trade in established markets. The price and terms of these transactions occur in the context of a negotiated transaction rather than a market purchase. Private equity investments are subject to the same risks applicable to micro-cap companies described above. They are also subject to the additional risks of illiquidity, the absence of an established trading market and the uncertainty of an exit from the investment.

General Economic and Market Conditions

The success of the Funds' investment activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Unexpected volatility or illiquidity could impair the Funds' profitability or result in losses.

Concentration of Investments

The Partnership Agreement of each Fund does not limit the amount of the Fund's capital that may be committed to any single investment, industry or sector. While the General Partner attempts to spread the Fund's capital among a number of investments, at times a Fund may hold a relatively small number of securities positions, each representing a relatively large portion of the Fund's capital. Losses incurred in concentrated positions could have a materially adverse effect on the Fund's overall financial condition.

Prior Performance

Prior performance is not necessarily indicative of future performance, and there can be no assurance that a Fund's future performance will be indicative of its prior performance.

Insolvency of Brokers and Others

Each Fund will be subject to the risk of failure of the brokerage firms that execute its trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members.

Item 9 Disciplinary Information

The General Partner is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management. The General Partner does not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

The General Partner does not have any arrangements with a "related person" of a type described in Item 10, nor does it recommend or select third-party advisers, as described in Item 10.

The General Partner discloses that J.D. Delafield, President of Delafield Hambrecht, Inc., is a Director of Seattle Bank, a Washington chartered bank located in Seattle, Washington. DHI is a related person of the General Partner. The Partners Fund owns an investment in Seattle Bank; however, the Partner's Fund, does not have the power to vote, or to direct the sale, of 25% or more of any class of voting securities of Seattle Bank. Consequently, Seattle Bank is not a related person with respect to the General Partner or the Partners Fund.

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

The General Partner has adopted a Code of Ethics for all supervised persons ("**Employees**") describing its standard of business conduct and fiduciary duty. The Code of Ethics includes provisions relating to, among other things: conflicts of interest; restrictions on the acceptance of significant gifts; reporting of certain gifts; reporting of Employee outside activities; insider trading; and reporting of personal securities trading by "**Access Persons**."

The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of Access Persons will not interfere with making decisions in the best interest of the Funds. The General Partner has adopted the following procedures to address conflicts of interest arising from personal trading (such as front-running or personal trading having an effect on the price of a security).

Access Persons (including without limitation, the Principals) are permitted to maintain personal trading accounts that the General Partner's Chief Compliance Officer ("**CCO**") monitors. Any personal trading by Access Persons must be consistent with the Code of Ethics.

The Code of Ethics contains policies and procedures that, among other things:

- express the General Partner's standards of business conduct required of Employees, including the General Partner's and Employee's fiduciary obligations;
- require prompt reporting of violations of the Code to the CCO, or other designated individual(s), as long as the CCO also receives reports of all violations;
- require compliance with the Federal Securities Laws (as defined in the Code);
- prohibit trading on the basis of material nonpublic information;
- require Access Person to provide initial and annual reports of securities holdings, as well as quarterly reports of transactions involving Reportable Securities;
- prohibit trading by Employees of securities of any issuer on the General Partner's Restricted Issuer List;
- require monitoring by the CCO to ensure compliance with the Code of Ethics; and
- require the General Partner to provide each Employee with a copy of the Code and each

amendment, and require Employees to provide the General Partner with a written acknowledgment of their receipt of the Code and each amendment.

Employees are required to certify annually as to their compliance with the Code of Ethics and Compliance Manual, including insider-trading policies.

Personal Trading Practices

Employees may buy, sell or hold for their accounts securities that a Fund buys, sells or holds, but they shall not have priority over the Funds in any transaction. Transactions for the account of an Access Person occurring on the same day, in the same security, same side of the market as transactions for a Fund, must be effected through aggregated transactions involving an "average price" (or similar) account whereby the Access Person and Fund(s) participating in the transaction receive the same average price or proceeds and benefit from shared or negotiated transaction costs. If the Access Person delays placing Access Person's order until after execution of the last aggregate Fund order for that day, the CCO (or the other Principal, depending on the circumstances) shall determine if the order shall be held until the following day.

The General Partner will provide a copy of the Code of Ethics to Limited Partners or prospective Limited Partners in the Funds upon request, directed to the CCO at the contact information on the front of this Brochure.

Item 12 Brokerage Practices

The General Partner has discretion to select the brokers, dealers, and custodians on behalf of the Funds. Assets of the Funds must be maintained in accounts with one or more qualified custodians, in the names of the Funds, pursuant to applicable Custody Rule requirements. The General Partner seeks a Custodian that is a broker (or affiliated with a broker) that will hold Fund assets and execute transactions on terms that are advantageous overall when compared to other available providers. The General Partner considers various factors, including:

- Capability to buy and sell securities for the Funds' accounts or to facilitate such transactions;
- Coverage of the securities required by the Funds' portfolio managers;
- Likelihood transactions will be executed;
- Availability and usefulness of investment research and tools;
- Overall quality of services;
- Quality of execution (speed and price);
- Competitiveness of fees and expenses;
- Reputation, financial strength, Business Continuity and Disaster Recovery Plan capabilities, cybersecurity protections; and
- Existing relationships with our firm and our other clients.

The General Partner has evaluated the full range of brokerage and custodial services offered by Goldman Sachs Execution & Clearing, L.P. ("**Goldman Sachs**") and Pershing LLC ("**Pershing**"), each a broker-dealer, member FINRA/SIPC (referred to, whether individually or collectively, as "**Custodian**") and engaged each as a custodian. The General Partner considers each of these firms to have favorable execution capabilities and other characteristics compared to comparable firms that offer platforms for the types of securities the General Partner manages for the Funds. While the General Partner believes the commissions and fees charged by these firms are competitive, transactions may not always be executed at the lowest available commission rate. The General Partner may cause the Funds to pay brokerage commissions and related costs in excess of the amount another broker-dealer would have charged if it determines in good faith that the costs are reasonable in relation to the value of services received.

Research and Other Soft Dollar Benefits

The General Partner does not have a soft dollar arrangement with any broker, dealer or Custodian.

Economic Benefits

As a registered investment adviser, the General Partner has access to the institutional platform of each Custodian. As such, the General Partner will also have access to research products and services from the Custodian. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to the General Partner in the performance of its investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms, and are not considered to be paid for with soft dollars. However, Limited Partners and prospective Limited Partners should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

Prime Brokerage Services

The General Partner utilizes the prime brokerage services of BTIG, LLC ("**BTIG**"). The prime broker plays an important role to ensure trades are efficiently executed, settled into the Funds' accounts at the Custodians, and appropriately reported and reconciled with records of the Custodian and the General Partner.

Aggregated Trades

Each portfolio manager handles only one Fund, and orders for the Funds are not aggregated. The securities held in the portfolios of the Funds do not lend themselves to aggregation of orders of the Funds.

Trade Errors

In the event a trading error occurs in a Fund, the General Partner will restore the Fund to the position it should have been in had the trading error not occurred. Depending on circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the Fund.

Item 13 Review of Accounts

The accounts of the Partners Fund and Value Fund are reviewed at least weekly by J.D. Delafield and Andy Lufkin, with respect to portfolio structure, asset allocation, stock selection, in light of the Fund's investment objectives, risk parameters, diversification, and performance. Employee trades are reviewed monthly against watch/restricted list and for front-running the Funds.

Audited financial statements of the Fund in which a Limited Partner invested, prepared by an independent certified public accountant, are provided annually to each Limited Partner, as described in Item 15.

Item 14 Client Referrals and Other Compensation

The General Partner does not have any arrangements, oral or in writing where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients, nor does the General Partner compensate any person, directly or indirectly, for client referrals.

Item 15 Custody

The General Partner is deemed to have custody of the Funds' assets as a result of its capacity as the General Partner of the Funds. Assets of the Funds are maintained with the qualified custodians, currently Goldman Sachs and Pershing, as discussed in Item 12.

The fiscal years of the Partners Fund and Value Fund end on December 31st. The General Partner will provide to each Limited Partner the audited financial statements prepared in a manner required by SEC Rule 206(4)-2(b)(4) for limited partnerships subject to annual audit, with generally accepted accounting practices (GAAP) for the Fund in which the Limited Partner has invested, no later than the earlier of (i) the deadline under the Fund's Partnership Agreement, or (ii) 120 days after end of the Fund's fiscal year.

Item 16 Investment Discretion

Pursuant to each Fund's Partnership Agreement, the General Partner and the portfolio managers have full authority and discretion to trade and manage the securities and other assets of the Partners Fund and Value Fund.

Item 17 Voting Client Securities

For the Partners Fund, the General Partner instructs BTIG and Goldman Sachs to deliver all proxy materials to the General Partner, including an appropriate employee or analyst for review and determination of the voting decision. The General Partner will vote the proxies on behalf of the Partners Fund, except when a conflict of interest is identified that would require the General Partner from voting, which event it shall abstain.

In accordance with its fiduciary duty, the General Partner has adopted and implemented written policies and procedures governing the voting of Partners Fund securities. All proxies that the General Partner receives will be subject to these policies and procedures. Although the General Partner seeks to vote with respect to most proxies, Limited Partners and prospective Limited Partners in the Partners Fund should be aware that not all proxies will be voted. In some cases, particularly with respect to foreign securities, the costs of voting outweigh the benefits to Fund. The General Partner will exercise its judgment with respect to the decision to vote proxies under such circumstances.

The General Partner's proxy voting process is managed by the portfolio manager. In general, the General Partner votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. The General Partner also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, reward long-term performance, and align the interests of management and shareholders.

Limited Partners and prospective Limited Partners may request a copy of the Partner's Fund proxy voting policies and procedures and may obtain information regarding how proxies were voted on the Fund's behalf by calling the telephone number or by emailing us at the contact information on the front of this Brochure.

The Partnership Agreement of the Value Fund provides that the Fund will not vote proxies. Consequently, no proxies will be voted on behalf of the Value Fund.

Item 18 Financial Information

The General Partner does not require or solicit prepayment of fees. The General Partner has no financial commitment that is reasonably likely to impair its ability to meet contractual or fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.