

# BREVET CAPITAL MANAGEMENT, LLC

## Firm Brochure

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December 31, 2018

*This disclosure brochure provides clients with information about the qualifications and business practices of Brevet Capital Management, LLC, an independent investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). It also describes the services Brevet Capital Management, LLC provides as well as background information on those individuals who provide investment advisory services on behalf of Brevet Capital Management, LLC. If you have any questions about the contents of this disclosure brochure, please contact Mei-Li da Silva Vint, Chief Compliance Officer of Brevet Capital Management, LLC, at 212-313-5104.*

*The information in this disclosure brochure has not been approved or verified by the SEC or by any state securities authority. Registration with the SEC does not imply that Brevet Capital Management, LLC, or any individual providing investment advisory services on behalf of Brevet Capital Management, LLC, possesses a certain level of skill or training or that Brevet Capital Management, LLC, or individual associates of the firm, are endorsed or recommended by the SEC. Additional information about Brevet Capital Management, LLC is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Brevet Capital Management, LLC is 151672.*

## **ITEM 2: MATERIAL CHANGES**

Since the last update as of December 31, 2017, each Item in this brochure has been substantially revised.

Such changes have been made to provide more detail regarding:

- the policies, procedures, and business practices of Brevet Capital Management, LLC and its relying adviser;
- the risks of engaging Brevet Capital Management, LLC as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital Management, LLC and/or its relying adviser;
- the potential conflicts of interest that may exist between each of Brevet Capital Management, LLC, its relying adviser, and their clients;
- how Brevet Capital Management, LLC and its relying adviser seek to address potential and actual conflicts of interest; and
- fees and expenses associated with engaging Brevet Capital Management, LLC as an investment adviser or investing in a pooled investment vehicle advised by Brevet Capital Management, LLC and/or its relying adviser.

## BREVET CAPITAL MANAGEMENT, LLC

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## **ITEM 4: ADVISORY BUSINESS**

### ***Brevet Capital Management, LLC***

Based in New York, New York, Brevet Capital Management, LLC (“BCM”) is an independent, privately-held investment adviser that was founded in 2006. It is a wholly owned subsidiary of Brevet Holdings, LLC (“Brevet Holdings”), which is majority-owned by Douglas Monticciolo.

Throughout this brochure, BCM and its relying adviser are collectively referred to as “Brevet Capital”. BCM’s relying adviser is discussed in Item 10 (“*Other Financial Industry Activities and Affiliations*”) of this brochure.

### ***Services***

Brevet Capital provides investment advisory services to a variety of alternative investment vehicles, focusing primarily on pooled investment vehicles (collectively, the “Funds”) and separately managed accounts (“SMAs”). Funds may make investments directly or indirectly through, and Brevet Capital may provide investment advice to, special purpose entities formed to hold the Funds’ investments. The types of clients to which Brevet Capital provides investment management services are disclosed in BCM’s Form ADV Part 1 and summarized in Item 7 (“*Types of Clients*”) of this brochure.

Investment services to clients may be provided on a discretionary or non-discretionary basis and may include: conducting research and due diligence on potential investments; analyzing investment opportunities; recommending investment opportunities; structuring, executing, and monitoring investments; and working with counterparties that originate and structure investments.

Brevet Capital generally provides investment management services in accordance with applicable investment guidelines and restrictions that are developed in consultation with its clients. Each Fund is advised in accordance with the investment guidelines and restrictions set forth in its offering documents, and such advice is not tailored to the individualized needs of any of such Fund’s investors. Investment in a Fund does not, in and of itself, create an advisory relationship between any such investor and Brevet Capital.

### ***Investment Objective and Strategy***

Brevet Capital’s investment management agreements generally provide for a wide investment mandate. Brevet Capital’s current primary focus is investment in specialized lending solutions for middle and lower middle market private companies with an attractive underlying asset or assets, in an underserved or overlooked sector, or that represent niche financing opportunities, including government-related investments in the United States and abroad, capital structure arbitrage, and distressed and event-driven instruments. While Brevet Capital may provide investment advice regarding a variety of investments and does not specialize in a particular type of advisory service, it does not currently provide investment advice with respect to securities portfolios or any type of mutual fund, convertible bond, corporate bond, municipal bond, government bond, or exchange-traded fund.

In addition to the foregoing, Brevet Capital may recommend that clients, or may cause clients to, engage in any investment strategies and activities – even those not described in this brochure – that Brevet Capital considers to be consistent with its clients’ overall investment objectives.

### ***Wrap Fee Programs***

Brevet Capital does not participate in any wrap fee programs.

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

As of December 31, 2018, Brevet Capital had assets under management as follows:

- |   |                 |
|---|-----------------|
| • Assets managed on a discretionary basis     | \$1,017,249,805 |
| • Assets managed on a non-discretionary basis | \$496,226,494   |

The foregoing figures include assets and unfunded commitments, calculated in accordance with the methodology prescribed by the SEC for calculating Regulatory Assets Under Management.

## **ITEM 5: FEES AND COMPENSATION**

### ***Advisory Fees***

The Funds and SMAs pay BCM management fees for its investment advisory services. Such management fees are typically calculated as a percentage of assets under management and vary by client, but generally range from 1.0% to 2.0% *per annum*. Management fees may be waived or reduced at Brevet Capital’s discretion. Upon termination of a relevant investment management agreement, management fees that have been prepaid are returned on a prorated basis.

### ***Funds***

For each Fund, the applicable management fee is more fully described in its offering documents, which are provided to prospective investors prior to their investing in such Fund.

For closed-ended Funds, management fees are generally paid three times per year in advance based on investors’ total capital commitments during the investment period and based on investors’ outstanding capital contributions thereafter. For open-ended Funds, management fees are generally paid quarterly in advance based on the net asset value of investors’ interests. The management fees are negotiated collectively with the investors in each such Fund, subject to waiver or reduction in the discretion of Brevet Capital. Such management fees are paid by the Funds on behalf of investors by (i) requiring investors to make capital contributions in respect of such fees and/or (ii) withholding the amount of such fees from investment proceeds or other cash that would otherwise be distributable or allocable to such investors.

### ***SMAs***

For each SMA, BCM’s management fee is determined through negotiation with representatives of such SMA and set forth in the applicable investment management agreement. Such fees may be payable quarterly or monthly and may be paid in advance or in arrears.

### ***Performance-Based Compensation***

Certain clients also pay performance-based compensation to BCM, which is described in Item 6 (“*Performance-Based Fees and Side-By-Side Management*”) of this brochure. Brevet Capital currently serves as investment manager only to “qualified clients”, as defined in Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

### ***Expenses***

In addition to the management fees described above, Brevet Capital’s clients are typically required to bear the costs and expenses of their investment activities, including, without limitation: (i) all out-of-pocket fees, costs, and expenses incurred in connection with the making, holding, sale, or proposed sale of investments (such as deal initiation expenses, professional expenses, research, data fees, insurance, third-party fees, brokerage costs and expenses, company or analyst conferences, and travel, lodging, meals, and related expenses), including any expenses associated with proposed investments that are ultimately not consummated; (ii) loan servicing fees for ongoing services including loan tracking, collection of payments, covenant tracking, and other asset and portfolio monitoring and reporting services to be performed with respect to particular investments; (iii) custodian fees and expenses; (iv) administrator fees and expenses; (v) legal, auditing, consulting, regulatory, compliance-related, and accounting expenses (including expenses associated with the preparation of financial statements and tax returns); and (vi) valuation agent fees and expenses.

Each Fund is required to bear expenses incurred in connection with its formation and offering, including, without limitation, governmental filing fees and professional fees and expenses incurred in connection with the preparation of the informational documents and organizational documents and contracts. The obligation of a Fund with respect to such formation and offering expenses will be limited to a dollar amount as set forth in the Fund’s offering documents; any costs in excess of such amount will offset the management fees that would otherwise be payable to BCM by such Fund. Notwithstanding the foregoing, the Funds generally are not required to bear any portion of placement fees paid to Placement Agents or Finders (each as defined in Item 14 (“*Client Referrals and Other Compensation*”) of this brochure), and to the extent any such fees are paid by a Fund, such fees generally will offset the management fees that would otherwise be payable to BCM by such Fund.

Each Fund is also required to bear the ongoing costs related to its operation, including, without limitation, (i) its *pro rata* share of regulatory and compliance-related expenses incurred by Brevet Capital and its affiliates and liability insurance premiums relating to employees, principals, and agents of Brevet Capital and its affiliates, determined in each case based on a reasonable determination of the extent to which such fees and expenses are incurred for the benefit of such Fund; (ii) expenses of investor communications and meetings; (iii) extraordinary expenses (such as indemnification and litigation expenses); (iv) interest on and fees and expenses arising out of any credit facility or borrowings, including, but not limited to, the arranging thereof; (v) expenses of winding up and liquidation; (vi) any taxes, fees, or other governmental charges and all expenses incurred in connection with any tax audit investigation, settlement, or review; (vii) expenses incurred in connection with any restructuring of or amendments to the constituent documents of the Fund or its related entities; and (viii) its *pro rata* share of expenses incurred in connection with any restructuring of or amendments to the constituent documents of Brevet Capital and

its affiliates, determined in each case based on a reasonable determination of the extent to which such fees and expenses are incurred for the benefit of such Fund.

### ***Fees Paid by Third Parties***

Brevet Capital or its affiliates may charge transaction fees, payable by borrowers, counterparties, and/or companies in which Brevet Capital's clients invest, in connection with such clients' investment activities and may collect fees in connection with transactions that are not completed (*i.e.*, break-up fees). In addition, commitment, directors', advisory, loan administration, monitoring, and transaction fees may be paid by such parties to Brevet Capital or its affiliates in connection with clients' investment activities.

The extent to which Brevet Capital or its affiliates may retain such fees is set forth in the Funds' offering documents and/or SMAs' investment management agreements.

Various conflicts of interest may exist when such fees may be retained by Brevet Capital or its affiliates and are not required to offset the management fees otherwise payable to Brevet Capital.

For an additional discussion of such conflicts of interest, please see Item 11 ("*Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading*") of this brochure.

### ***Fees Paid to Affiliates***

FCS Advisors, LLC ("FCS") and other entities under common control with Brevet Capital perform services on behalf of Brevet Capital's clients from time to time. FCS is involved in, among other things, (i) the identification, sourcing, and negotiation of the terms relating to the extension of credit or acquisition of assets, (ii) providing loan administration services to certain borrowers after the closing of a loan, and (iii) the direct acquisition of assets that subsequently may be sold to one or more independent third parties or to one or more of Brevet Capital's clients, in each case on an arm's-length basis.

FCS and other entities under common control with Brevet Capital may, directly or indirectly, receive fees from Brevet Capital's clients in consideration for their services at the then-current market rates. Such fees do not offset management fees payable by Brevet Capital's clients, are not otherwise rebated to such clients, and therefore pose a potential conflict of interest.

### ***Co-Investors***

Brevet Capital and its affiliates may from time to time offer certain persons the opportunity to co-invest in investment opportunities alongside Funds. To the extent that co-investors participate in an investment opportunity, the costs and expenses related to the making, holding, sale, or proposed sale of such investment generally will be borne by all of the investors in such investment. However, there can be no guarantee that such costs and expenses will be allocated in a manner that is fair and equitable. Further, co-investors that participate in an investment opportunity may not bear any of the fees and expenses incurred in connection with a Fund's proposed investments that are ultimately not consummated, including, without limitation, broken deal expenses. Even if Brevet Capital attempts to allocate such fees and expenses to co-investors that benefit from a Fund's investment activities, it may be difficult or impossible to do so equitably. As a result of the foregoing, the Funds may bear a disproportionate share of fees and expenses related to actual investments as well as proposed investments that are ultimately not consummated.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Certain of the Funds and SMAs may pay BCM performance-based fees for its investment advisory services, but such arrangements are not typical. In cases where clients have agreed to pay performance-based fees, such fees are negotiated collectively with the investors in such Funds or with representatives of such SMAs, as applicable, and set forth in the applicable investment management agreements. Performance-based compensation is charged only to “qualified clients” in compliance with the Advisers Act.

BCM, its relying adviser, and/or special purpose vehicles under common control with BCM serve as the general partner or managing member (or in a comparable role) (“GP Entities”) for each of the Funds and such Funds’ special purpose entities formed to hold investments. Such GP Entities maintain capital accounts in the Funds and receive allocations of net profit (or loss) from the Funds, including allocations based on the Funds’ net realized and unrealized profits and/or distributions in excess of a return of capital and a preferred return. Such payments may be effected through special purpose entities formed by the Funds and are more fully described in the Funds’ offering documents, which are provided to prospective investors prior to their investing.

Performance-based fee arrangements and the payment of incentive allocations or carried interest to the GP Entities may create an incentive for Brevet Capital to recommend investments that may be riskier or more speculative than those that it may otherwise recommend under different fee or distribution arrangements. In addition, Brevet Capital may be incentivized to favor certain clients over others where, for example, (i) investment by one client will limit the extent to which other clients may participate in such investment and (ii) Brevet Capital and/or its affiliates have differing economic interests with respect to such clients (*e.g.*, differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest).

To help mitigate such potential conflicts of interest, Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients, including allocation guidelines that take into account the size and nature of each transaction and each client’s investment strategy, available capital, concentration limits, and other applicable investment constraints. Such guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital’s clients are made by an investment committee (the “Investment Committee”) in accordance with such allocation guidelines and are reviewed and approved by Brevet Capital’s Chief Compliance Officer and/or one or more of her designees.

To mitigate any conflict of interest associated with higher valuations, which result in higher fees, Brevet Capital and the Funds (i) have adopted valuation policies that ensure valuation methodologies are appropriately applied in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and, in the case of the Funds, their offering documents and (ii) utilize the services of an independent firm to review and advise on Brevet Capital’s valuation methodology.

## **ITEM 7: TYPES OF CLIENTS**

Brevet Capital provides investment advisory services to a variety of alternative investment vehicles, focusing primarily on Funds and SMAs.

### ***Funds***

The Funds are pooled investment vehicles (commonly referred to as “hedge funds” or “private equity funds”) organized as domestic or offshore companies, limited partnerships, or limited liability companies in order to accommodate the legal, regulatory, and tax considerations of their investors.

Investors in the Funds include high net-worth individuals, family offices, trusts, foundations, pension funds, and endowments, each of which is required to meet certain minimum qualifications, *i.e.*, each investor typically must be an “accredited investor”, as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), a “qualified client”, as defined in Rule 205-3 of the Advisers Act, and a “qualified purchaser”, as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) (or, in certain cases, a “knowledgeable employee” as defined in Rule 3(c)(5) of the Investment Company Act). Each investor is required to complete a subscription agreement (including an investor questionnaire to determine its eligibility for investment) and agree to be governed by the applicable governing agreement.

Each Fund sets its own minimum investment requirement. Brevet Capital or one of its affiliates generally may, in its sole discretion, waive the investment minimum.

The Funds would be investment companies as defined in the Investment Company Act, but for Sections 3(c)(1), 3(c)(5), and/or 3(c)(7) thereof.

While this brochure includes information relevant to Fund investors, it is designed solely to provide information about Brevet Capital and should not be considered to be an offer of an interest in any Fund. Fund interests may only be offered in accordance with applicable securities laws pursuant to the relevant Fund offering documents, which more fully describe the terms, conditions, and risks of such a Fund investment.

### ***SMAs***

SMAs are separately managed accounts through which Brevet Capital provides investment management services to investors through investment management agreements negotiated with such investors.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***Methods of Analysis and Investment Strategies***

Brevet Capital believes that many finance companies and principal finance groups of banks and large traditional lenders have reduced lending to middle and lower middle market companies due to increased regulation. Accordingly, Brevet Capital seeks to generate superior returns by identifying investments that take advantage of the imbalance between the demand for financing by middle and lower middle market companies and the supply from traditional financial institutions to this market, and by identifying situations in niche and underserved markets where it believes opportunities exist.

Brevet Capital generally targets opportunistic, value-based investments in high quality transactions where it identifies the opportunity and the optimal structure, seeks to incorporate upside participations, and manages the realization. As a result, Brevet Capital may recommend that clients, or may cause clients to, invest in a broad range of instruments that offer an attractive risk-adjusted rate of return, including, *inter alia*: secured financings; loan, bond, or trade debt or equity or equity-like securities; direct acquisitions of assets, warrants, and participations; related hedges and options, as appropriate; and alternative investment structures with similar return profiles. Brevet Capital may recommend that clients, or may cause clients to, invest all or a portion of their assets indirectly through alternative investment vehicles or subsidiaries and/or use all or a portion of their investable funds to indirectly participate in the funding of assets.

Brevet Capital seeks assets that are generally uncorrelated to the equity and bond markets and that Brevet Capital believes have attractive return attributes due to factors including, but not limited to, the asset's:

- experiencing growth or a changing environment due to new legislation;
- being asset rich and/or having contractual or recurring revenue;
- participating in a sector for which traditional loan products do not fit the financing needs; and
- operating in an underserved or complex business environment.

Brevet Capital's clients typically hold assets for an extended period of time and hold positions until they mature, are pre-paid, or are paid down. Brevet Capital may recommend that clients, or may cause clients to, consider selling positions if Brevet Capital's risk analysis indicates the potential weakening of credit or if market prices exceed its own internal estimates of fair value.

### ***Certain Risks***

The following risk factors are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing with Brevet Capital. Investment with Brevet Capital is designed only for sophisticated investors who are able to withstand the loss of their entire investment. Investors should consult their financial, investment, tax, legal, and other advisors, as applicable, who may identify additional risks relating to investing with Brevet Capital. A more detailed discussion of the risks associated with investing in a particular Fund is set forth in each such Fund's offering documents, which will be provided to prospective investors for review and consideration prior to their making an investment.

### ***Past Performance***

Past performance is not necessarily indicative of future results, and no projection, representation, or warranty regarding future performance is made or should be inferred from the performance record or operating history of any of Brevet Capital's clients. Investment results may vary substantially over time, from period to period, and from client to client.

### ***No Assurance of Profits***

While Brevet Capital seeks to develop investment strategies and policies that it believes will be successful over the long term, no assurances can be given that such strategies and policies will not result in a substantial or complete loss of its clients' investments. Brevet Capital cannot provide assurance that it

will be able to identify investments that satisfy its investment objectives. There is no assurance that any client will generate returns or that the returns will be commensurate with the risks of investing with Brevet Capital. In particular, investment performance may be affected by changes in market or economic conditions or legal, regulatory, and tax requirements. Brevet Capital's clients generally will be responsible for paying management fees and their operating expenses regardless of the level of profitability, and due to Brevet Capital's investing and portfolio management techniques, transaction costs will likely be higher than in the case of traditional investment vehicles.

#### *Changes in Investment Strategy*

Brevet Capital may from time to time change its investment strategies, policies, and objectives. Any such decision to engage in a new activity could result in the exposure to additional risks, which may be substantial.

#### *Dependence on Occurrence of Events*

The ability to realize a profit on investments recommended by Brevet Capital is dependent upon the occurrence (or non-occurrence) of certain events. If an event that Brevet Capital is expecting does not occur (or an unexpected event occurs), Brevet Capital's clients may be adversely affected.

#### *Investment and Trading Risks in General*

All investments risk the loss of capital. As with any investment approach or strategy, Brevet Capital's strategies, policies, and methodology cannot assure any given level of investment return or that its clients' investment objectives will in fact be realized.

#### *Asset Allocation*

Brevet Capital has enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients, including allocation guidelines that take into account the size and nature of each transaction and each client's investment strategy, available capital, concentration limits, and other applicable investment constraints. Such guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital's clients are made by the Investment Committee in accordance with such allocation guidelines and are reviewed and approved by Brevet Capital's Chief Compliance Officer and/or one or more of her designees. Brevet Capital's policies and procedures are also applied where Brevet Capital has determined that co-investment opportunities exist.

#### *Investment Concentration*

Brevet Capital may recommend that clients, or may cause clients to, invest in relatively few investments. Brevet Capital's clients may be exposed entirely to the risks of such investments without the protections against loss afforded by diversification. Concentration in a certain type of investment has the effect of exposing a significant portion of invested capital to the same or similar risks, as well as return or other characteristics, and thereby increases investment risk as well as the portfolio volatility. Accordingly, the values of any such investments may fluctuate more widely given this concentration, as compared with the fluctuation expected in a broadly diversified portfolio.

### *Management Risk*

The success of Brevet Capital critically depends upon the services of its key personnel. In the event of the death, incapacity, departure, insolvency, or withdrawal of one or more key personnel of Brevet Capital, clients' performance may be adversely affected.

### *Possible Waiver of Management Fees*

Brevet Capital may, in its sole and absolute discretion, waive or reduce the management fees charged to its clients and/or investors in the Funds. While a waiver or a reduction of such management fees may induce investors to invest with Brevet Capital, it may adversely affect Brevet Capital's operations. Brevet Capital's ability to attract and retain talent for the management of its clients' assets depends to a great extent on its ability to offer a compensation package that is competitive in relation to the prevailing market practice. Significant waivers or reductions in management fees may result in Brevet Capital's being unable to offer competitive compensation packages necessary to attract and retain the appropriate talent, and it may affect Brevet Capital's ability to pay other expenses.

### *Performance-Based Compensation; Incentive Allocations and Carried Interest*

Performance-based fee arrangements and the payment of incentive allocations or carried interest to the GP Entities may create an incentive for Brevet Capital to recommend investments that may be riskier or more speculative than those that it may otherwise recommend under different fee or distribution arrangements. In addition, Brevet Capital may be incentivized to favor certain clients over others where, for example, (i) investment by one client will limit the extent to which other clients may participate in such investment and (ii) Brevet Capital and/or its affiliates have differing economic interests with respect to such clients (e.g., differential ownership interests or compensation arrangements, including where some clients pay only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest). In addition, since the basis for incentive allocations typically includes unrealized appreciation, such allocations may be greater than if they were based solely on realized gains.

### *Counterparty and Credit Risk*

Brevet Capital may recommend that clients, or may cause clients to, enter into a variety of arrangements with counterparties, including cash and investment deposits, interest rate swap contracts, foreign currency option contracts, and forward contracts. As a result, Brevet Capital's clients may be subject to the risk that the counterparty to one or more of these arrangements will default, either voluntarily or involuntarily, on its performance under the terms of the arrangement. In times of market distress, a counterparty may default rapidly and without notice, and clients may be unable to take action to cover their exposure, either because of lack of contractual ability to do so or because market conditions make it difficult to take effective action. If a counterparty becomes insolvent or files for bankruptcy, then clients' ability eventually to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable legal regime governing the bankruptcy proceeding. In the event of such default, clients could incur significant losses.

### *Investment in Loans and Liquidity Facilities*

Brevet Capital may recommend that clients, or may cause clients to, invest in various forms of liquidity facilities that have been provided to privately held companies. These may include term loans, lines of

credit, and/or accounts receivables factoring. Brevet Capital's clients may lose the entire value of their investments, may be required to accept cash or securities with a value less than their investments, and/or may be prohibited from exercising certain rights with respect to their investments. Moreover, such investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and bankruptcy courts' discretionary power to disallow, subordinate, or disenfranchise particular claims, and may also involve substantial litigation.

#### *Delinquency, Default, or Foreclosed Investments*

Certain investments recommended to, or made on behalf of, clients could become delinquent and go into default or foreclosure. In addition, certain of the counterparties for factoring or financing arrangements may default, go into bankruptcy, restructure, or reorganize. Under these circumstances, clients could lose their entire investment in those transactions or may have to rely upon other collateral underlying the investments in such transactions to recoup their investment, which recourse could be costly, time consuming, and even unsuccessful.

#### *Illiquidity of Assets*

Brevet Capital may recommend that clients, or may cause clients to, invest in assets that are illiquid and for which there is no active market. Disposition of illiquid assets often takes more time than disposition of more liquid assets and may result in higher selling expenses and less favorable prices or prices lower than those at which such assets have been valued by Brevet Capital. Clients may also be prohibited by contract from selling investments for a period of time. Accordingly, clients' ability to respond to market movements may be impaired, and such clients may experience adverse price movements upon liquidation of their investments. Accurately valuing and realizing such investments or closing out positions in such investments at appropriate prices may not always be possible.

#### *Debt Securities*

Brevet Capital may recommend that clients, or may cause clients to, invest in debt securities (i) that are unrated or below investment grade, which are subject to greater risk of loss of principal and interest than higher-rated debt securities, (ii) that rank junior to other outstanding securities and obligations of an issuer, all or a significant portion of which may be secured by substantially all of that issuer's assets, and (iii) that are not protected by financial covenants or limitations on additional indebtedness. Brevet Capital's clients will therefore be subject to credit, liquidity, and interest rate risks. In addition, to the extent foreign debt securities are purchased, evaluating credit risk for foreign debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Such securities may also be subject to fluctuation in the event of changes in interest rates.

#### *Market and Credit Risks of Debt Securities*

Investments in debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often

reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed-rate debt instrument and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset, and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. No assurance can be given that the debt and fixed-income obligations in which Brevet Capital’s clients invest will continue to earn yields comparable to those earned historically, nor can any assurance be given that the issuers of such securities will make payment on such obligations as they become due.

#### *Indirect Investment in Assets*

Brevet Capital may recommend that clients, or may cause clients to, invest in loan obligation assets indirectly through contractual arrangements with other clients. Such arrangements are subject to certain risks, including the lack of a direct interest in any collateral securing the underlying obligations, and a limited ability to enforce directly any rights with respect to the obligations represented by the arrangements. Thus, Brevet Capital’s clients in such arrangements may have a contractual relationship only with the selling entity. Such clients generally will have no right directly to enforce compliance by the borrower with the terms of any loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to changes to the loan agreements. In addition, in the event of the insolvency of the counterparty to such arrangements, under U.S. federal and state laws, such clients may be treated as a general creditor, and may not have any exclusive or senior claim with respect to the counterparty’s interest in, or the collateral with respect to, the secured loan. Such arrangements may be governed by the law of a non-U.S. jurisdiction, which may present additional risks.

#### *Risks Associated with Operating Companies*

Companies in whose debt Brevet Capital recommends that clients, or causes clients to, invest may be unable to make principal and interest payments when due, or ever. Such companies could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn, or legal, tax, or regulatory changes. Companies that Brevet Capital expects to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

#### *General Risks of Secured Loans*

Brevet Capital may recommend that clients, or may cause clients to, invest in secured loans, which are subject to the risk that security interests in the underlying collateral are not properly or fully perfected, and even if the security interests are properly and fully perfected, borrowers may in turn invest in, or lend with respect to, assets that are themselves not fully secured. Furthermore, such security interests may not

be first priority or may be shared with other parties. Compounding these risks, the collateral securing debt investments is subject to devaluation risks.

#### *Borrower Fraud*

Borrowers may make material misrepresentations or omissions, and such inaccuracy or incompleteness may adversely affect the valuation of collateral underlying loans or may adversely affect the ability of Brevet Capital's clients to perfect or effectuate a lien on collateral securing a loan. Brevet Capital relies upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

#### *Subordinated Loans*

Brevet Capital may recommend that clients, or may cause clients to, invest in subordinated loans. If a borrower defaults on a subordinated loan or on debt senior to a client's loan, or in the event of the bankruptcy of a borrower, the loan held by such client will be satisfied only after the senior loans are repaid in full. Under the terms of typical subordination agreements, senior creditors may be able to block the acceleration of the subordinated debt or the exercise by holders of subordinated debt of other rights they may have as creditors. Accordingly, clients may not be able to take the steps necessary or sufficient to protect their investments in a timely manner or ever. In addition, subordinated loans may not always be protected by financial covenants or limitations upon additional indebtedness, may have limited liquidity, and may not be rated by a credit rating agency. If a borrower declares bankruptcy, Brevet Capital's clients may not have full or any recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. Further, clients' ability to amend the terms of loans, assign loans, accept prepayments, exercise remedies (through "standstill periods"), and control decisions made in bankruptcy proceedings may be limited by intercreditor arrangements, especially if debt senior to such clients' loans exists. The level of risk associated with investments in subordinated loans increases if such investments are loans of distressed or below investment grade borrowers.

#### *Risks Relating to Fraudulent Conveyances and Voidable Preferences by Issuers / Borrowers*

Under U.S. legal principles, in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer of indebtedness or borrower (including a bankruptcy trustee), if a court were to find that the issuer or borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness or for granting security, and that after giving effect to such indebtedness or such security, the issuer or borrower (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such issuer or borrower constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of such issuer or borrower, or to recover amounts previously paid by such issuer or borrower in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an issuer or borrower would be considered insolvent at a particular time if the sum of its debts was then greater than all of its property at a fair valuation, or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply to determine whether an issuer or borrower was "insolvent" after

giving effect to the incurrence of the indebtedness in which Brevet Capital's clients invested or that, regardless of the method of valuation, a court would not determine that an issuer or borrower was "insolvent" upon giving effect to such incurrence.

In addition, in the event of the insolvency of an issuer of indebtedness or borrower in which Brevet Capital's clients invest, payments made on such indebtedness could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before the issuer or borrower becomes a debtor in a bankruptcy case. In general, if payments on indebtedness are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured by such issuer or borrower, as applicable, in a bankruptcy case. Even if Brevet Capital's clients do not engage in conduct that would form the basis for a successful cause of action based upon fraudulent conveyance or preference law, there can be no assurance as to whether any funding institution or other party from which such clients may acquire such indebtedness, or any prior holder of such indebtedness, has not engaged in any such conduct (or any other conduct that would subject such indebtedness to disallowance or subordination under insolvency laws). If any such party did engage in such conduct, there can be no assurance as to whether such creditor claims could be asserted in a U.S. court (or in the courts of any other country) against such clients so that their claim against the issuer or borrower would be disallowed or subordinated.

#### *Risks Relating to Lender Liability*

Under certain circumstances, a lender or bondholder that has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). Brevet Capital does not intend to recommend or engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of debt obligations, Brevet Capital's clients may be subject to claims from creditors that debt obligations of an obligor that are held by such clients should be equitably subordinated.

#### *Certain Guarantees*

Guarantees of secured debt issued by subsidiaries of a company in which Brevet Capital's clients have invested may in some circumstances be subject to fraudulent conveyance or similar avoidance claims made by other creditors of such subsidiaries under applicable insolvency laws. As a result, such creditors may take priority over the claims of such clients under such guarantees. Under federal or state fraudulent conveyance law, a court may void or otherwise decline to enforce such debt and such clients would no longer have any claim against such company or the applicable guarantor. In addition, the court might direct Brevet Capital's clients to disgorge any amounts already received from such company or a guarantor. In some cases, significant subsidiaries of such a company may not guarantee the obligations of

such company; in other cases, such a company may have the ability to release subsidiaries as guarantors of such company's obligations. The repayment of such investments may depend on cash flow from subsidiaries of the company that are not themselves guarantors of such company's obligations.

### *Investments in Equity Securities Generally*

Brevet Capital may recommend that clients, or may cause clients to, invest in or otherwise hold equity securities or derivatives thereon issued by, or written with respect to, companies in which such clients have invested (or their affiliates). Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, convertible securities, equity options, and other equity or hybrid equity securities. Various risks pertain to the holder of such equity and related instruments, certain of which are described as follows. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend, and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights, and other similar securities or instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights, and other similar securities or instruments may be considered more speculative than other types of equity investments.

### *Swap Contracts*

Brevet Capital may recommend that clients, or may cause clients to, enter into equity, interest rate, index, currency rate, and other swap agreements. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns earned on specified assets, such as the return on, or increase in the value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a "basket" of securities representing a particular index. A swap contract may not be assigned without the consent of the counterparty, and may result in losses in the event of a default or bankruptcy of the counterparty. Swap agreements tend to shift investment exposure from one type of investment to another. For example, if an investor agrees to exchange payments in dollars for payments in foreign currency, the swap agreement would tend to change such investor's exposure to U.S. interest rates and its exposure to foreign currency and interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility of Brevet Capital's clients' portfolios. Significant factors in the performance of swap agreements include the change in the specific interest rate, currency, individual equity value, and other factors that determine the amounts of payments due to and from clients. If a swap agreement calls for payments by a client, such client must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses.

### *Foreign Investments*

Brevet Capital may recommend that clients, or may cause clients to, invest in securities, loans, other assets, and equity-like securities of companies domiciled or operating in foreign countries. Investing in foreign countries involves considerations and possible risks not typically involved in investing in securities, loans, other assets, and equity-like securities of companies domiciled and operating in the United States, including political, legal, economic, and fiscal instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad), or changed circumstances in dealings between nations. The application of foreign tax laws (*e.g.*, the imposition of withholding taxes on dividends, interest payments, or capital gains) or confiscatory taxation may also affect investment in foreign countries. Higher expenses may result from investment in foreign countries than investment in the United States because of the costs that must be incurred in connection with conversions between various currencies and foreign brokerage commissions that may be higher than in the United States. Foreign markets also may be less liquid, more volatile, and less subject to governmental supervision. Investments in foreign countries could be affected by other factors, including custody risk, lack of uniform accounting, auditing, and financial reporting standards, potential difficulties in enforcing contractual obligations, and less complete and reliable fiscal and other information.

### *Currency Exposure*

Brevet Capital may recommend that clients, or may cause clients to, make investments in a wide range of currencies. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. Brevet Capital will evaluate whether holding foreign currency exposure is appropriate and where hedging is necessary. However, there is no assurance that Brevet Capital will be able to implement or recommend strategies to hedge any foreign exchange positions effectively.

### *Emerging Markets*

Brevet Capital may recommend that clients, or may cause clients to, make investments in certain smaller and emerging markets, which are typically those of less developed countries. The prospects for economic growth in a number of these markets are considerable, and equity returns have the potential to exceed those in mature markets as growth is achieved. However, such investments will have risks from political, economic, and market factors in such smaller and emerging markets that are of particular significance. These include the possibility of various forms of punitive or confiscatory government intervention, reduced levels of regulation, less developed rule of law and courts, higher brokerage and transaction commissions, less reliable settlement and custody practices, loss of registration of securities, low market liquidity, higher market volatility (causing a substantial increase in price and currency risks), and less reliable financial reporting. These factors may result in a generally higher level of risk with respect to the individual smaller and emerging markets.

### *Private Investment Funds*

Investment in pooled investment vehicles such as the Funds involves significant risks and is suitable only for persons who can bear the economic risk of the loss of their entire investment and that have no need for liquidity in their investment. There can be no assurances that a Fund will achieve its investment objectives. An investment in a Fund carries with it the inherent risks associated with the particular

investment program of such Fund, as well as additional risks. A more detailed discussion of the risks associated with investing in a particular Fund is set forth in such Fund's offering documents, which are provided to prospective investors for review and consideration prior to their investing. Each investor is required to complete a subscription agreement, pursuant to which such investor must establish that it is qualified to invest in the Fund and acknowledge and accept the various risks that are associated with such an investment.

#### *Absence of Regulatory Oversight for Funds*

While the Funds may be considered by some investors to be similar to investment companies, the Funds rely on exemptions from registration under the Investment Company Act pursuant to Sections 3(c)(1), 3(c)(5), and/or 3(c)(7) thereof. As a result, the provisions of the Investment Company Act (which, among other matters, require investment companies to have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company, and regulate the relationship between the investment manager and the investment company) do not apply to the Funds. It cannot be assured that the Funds will not become subject to the Investment Company Act in the future due to changes in conditions, circumstances, or the law, which could have a material adverse effect on the Funds.

#### *Credit Facilities; Leverage*

Brevet Capital has broad authority to cause the Funds to incur or guarantee indebtedness or enter into credit facilities (each, a "Credit Facility") to, among other things, facilitate short-term investment, pay expenses, or consummate investments. The indebtedness that may result under a Credit Facility could increase exposure to adverse economic factors such as rising interest rates or severe economic downturns and may substantially increase a Fund's risk profile. In the event the direct or indirect investments of a Fund are unable to generate sufficient cash flow to meet a principal or interest payment required to maintain a Credit Facility, the value of such Fund's investments could be significantly reduced or even eliminated.

Brevet Capital additionally has broad authority to cause the Funds to incur leverage. Leverage enhances capacity to maintain short-term liquidity and can enhance returns. However, the use of leverage exposes the borrower to additional levels of risk including: (i) greater losses from investments than would otherwise have been the case had the borrower not borrowed to make the investments, (ii) changes involving a reduction in collateral advance rates that may force premature liquidations of investment positions, and (iii) losses on investments where the investments fail to earn a return that equals or exceeds the cost of leverage related to such investments. In case of a sudden, precipitous drop in value of the borrower's assets, the borrower might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the borrower.

In an unsettled credit environment, Brevet Capital may find it difficult or impossible to obtain leverage for its clients. In addition, any leverage obtained, if terminated on short notice by the lender, could result in an inability to fund investments, expenses, or withdrawal or redemption requests, if applicable.

### *Special Risks Relating to the Legal and Regulatory Environment*

Future changes in the legal and regulatory environment may adversely affect Brevet Capital's ability to implement its strategies, policies, and objectives. Additional legislation (and regulation) and changes in the interpretation or enforcement of existing laws and rules may directly affect Brevet Capital's clients' investments.

### *Involvement in Litigation*

Brevet Capital and certain of its affiliates recently have been and/or currently are parties to certain litigation matters. There can be no assurance as to the outcome or timing of the resolution of such matters or whether they will have a material adverse impact on Brevet Capital or its affiliates or otherwise impede Brevet Capital's ability to effectively implement its investment strategies, policies, and objectives for its clients. Litigation involving Brevet Capital and/or its affiliates may occur in any jurisdiction (including outside the United States) and may relate to investments, contracts, personnel, regulation, or a variety of other matters.

### *Valuation Risks*

Brevet Capital may recommend that clients, or may cause clients to, invest in assets for which there is no established trading market. The value of such investments is not subject to verification through the price transparency that typically results from secondary market trading. Such assets typically are illiquid and generally difficult to value. Accordingly, Brevet Capital relies in whole or in part upon, among other things, its own estimates and verbal or written statements produced by valuation agents, administrators, its valuation committee, and/or other affiliated or unaffiliated third parties. Such process involves subjectivity. Brevet Capital may adjust an asset's value to reflect valuation uncertainty, certain restrictions, and/or other factors that it determines in its judgment to be necessary or appropriate. Such calculations, valuations, and determinations made by Brevet Capital with respect to an asset's value generally are final, non-negotiable, and binding on Brevet Capital's clients.

### *Data Protection Requirements*

Brevet Capital, its affiliates, and certain third-party service providers are required to comply with strict data protection and privacy laws, including potentially laws of countries outside the United States. Failure to comply with applicable regulations regarding the use of personal data could subject Brevet Capital and its affiliates to lawsuits or regulatory proceedings or adversely affect their financial condition.

### *Hedging Transactions*

While it may be possible for Brevet Capital to implement strategies, policies, and methodologies to hedge some of the risks outlined above, it is not obligated to do so and, if such hedging is carried out, there can be no assurance that it will be successful, and it may negate certain profits that Brevet Capital's clients may otherwise have earned or even incur a loss. Such clients will bear the cost of all such hedging. Furthermore, it is generally not possible to hedge risks related to credit transactions that Brevet Capital recommends to clients. Also, it may not be possible to hedge certain risks in many of the less developed markets in which Brevet Capital's clients may invest, as exchange-traded futures and options are not available in certain markets.

## ITEM 9: DISCIPLINARY HISTORY

Neither Brevet Capital nor any of its supervised persons has any reportable disciplinary history.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### *Relying Adviser*

Brevet Intermediate Duration Partners, LLC is registered with the SEC in reliance on the investment adviser registration of BCM.

The filing adviser and the relying adviser share a common compliance program, including a Code of Business Conduct, Ethics & Insider Trading Policy (“Code of Ethics”) and other compliance policies and procedures. The relying adviser serves as the general partner for one of the Funds. In such role, it maintains a capital account and receives allocations of net profit (or loss) from such Fund.

### *Other Relationships*

The GP Entities serve as the general partner or managing member (or in a comparable role) for each of the Funds and such Funds’ special purpose entities formed to hold investments. Such GP Entities maintain capital accounts in the Funds and receive allocations of net profit (or loss) from the Funds, including allocations based on the Funds’ net realized and unrealized profits and/or distributions in excess of a return of capital and a preferred return. For a discussion of the potential conflicts of interest that may exist as a result of such relationships, and the steps Brevet Capital takes to mitigate such potential conflicts of interest, please see Item 6 (“*Performance-Based Fees and Side-By-Side Management*”) of this brochure.

Douglas Monticciolo is the Chief Investment Officer of BCM and is the principal owner and controlling person of Brevet Holdings, the sole owner of BCM.

Brevet Holdings is also the owner and managing member of FCS. FCS is involved in, among other things, (i) the identification, sourcing, and negotiation of the terms relating to the extension of credit or acquisition of assets, (ii) providing loan administration services to certain borrowers after the closing of a loan, and (iii) the direct acquisition of assets that subsequently may be sold to one or more independent third parties or to one or more of Brevet Capital’s clients, in each case on an arm’s-length basis.

FCS and other entities under common control with Brevet Capital may, directly or indirectly, receive fees from Brevet Capital’s clients in consideration for their services at the then-current market rates. Such fees do not offset management fees payable by Brevet Capital’s clients, are not otherwise rebated to such clients, and therefore pose a potential conflict of interest.

### *Conflicts Advisory Board and Board of Advisors*

To help mitigate potential conflicts of interest with respect to its affiliated entities, Brevet Capital has established a Conflicts Advisory Board to identify, evaluate, and make recommendations regarding potential and actual conflicts of interest arising between or among any of (i) BCM, (ii) the entities to which BCM provides discretionary investment advisory services, and (iii) the affiliates of any of the foregoing ((i)-(iii), collectively, the “Brevet Entities”). The Conflicts Advisory Board is composed of

between three (3) and seven (7) members, a majority of whom are required to be independent from the Brevet Entities. While Brevet Capital is not required to present potential or actual conflicts of interest among the Brevet Entities to such Conflicts Advisory Board, it typically does so.

Certain of the Funds additionally have majority-independent advisory boards, which boards may have the same composition as Brevet Capital's conflicts advisory board. Brevet Capital may seek the approval of such advisory boards with respect to conflicts of interest and, in certain circumstances, approvals required under the Advisers Act, including Section 206(3) thereof.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

### ***Code of Ethics***

Brevet Capital has adopted a Code of Ethics intended to prevent and detect violations of federal securities laws. The Code of Ethics is predicated on the principle that Brevet Capital and its employees owe a fiduciary duty to clients and investors. Accordingly, Brevet Capital expects all employees to act with honesty, integrity, and professionalism and to adhere to federal securities laws. Brevet Capital and its employees are required to adhere to the Code of Ethics; at all times, Brevet Capital and its employees must place client and investor interests ahead of Brevet Capital's. Brevet Capital will provide a copy of its Code of Ethics to any client or prospective client upon request.

### ***Political Contributions***

Brevet Capital's political contributions policy establishes restrictions that apply when Brevet Capital or its employees make or solicit political contributions or engage in political activities. The policy prohibits Brevet Capital and its employees from making political contributions for the purpose of obtaining or retaining advisory contracts with government entities.

### ***Trading Policy***

Brevet Capital's personal trading policy includes restrictions that apply when its personnel engage in trading securities. The policy requires personnel to disclose brokerage accounts and those of certain family members. Except in limited circumstances, the policy requires personnel to pre-clear their securities transactions (*e.g.*, to ensure that the security does not appear on Brevet Capital's restricted list). Personnel must report their securities transactions and holdings on a regular basis.

### ***Participation or Interest in Client Transactions***

Except as described below, Brevet Capital and its affiliates (other than the Funds) do not invest in investment opportunities that Brevet Capital recommends to its clients or causes its clients to invest in.

Brevet Capital or one of its affiliates has a financial interest in each of the Funds as follows:

- The GP Entities serve as the general partner or managing member (or in a comparable role) for each of the Funds and such Funds' special purpose entities formed to hold investments. Such GP Entities maintain capital accounts in the Funds and receive allocations of net profit (or loss) from

the Funds, including allocations based on the Funds' net realized and unrealized profits and/or distributions in excess of a return of capital and a preferred return.

- Employees of Brevet Capital and/or its affiliates may from time to time make personal investments in the Funds. Such employees typically hold employee-only classes of interests that pay no (or reduced) management fees and incentive allocations or carried interest, as applicable.

Investment in the Funds by Brevet Capital, its affiliates, and/or their employees is designed to align the interests of such investors and their beneficial owners (collectively, "Brevet Investors") with those of the Funds, as such Brevet Investors have personal assets at risk alongside the investors in the applicable Fund. These arrangements do, however, present conflicts of interest. For example, Brevet Investors responsible for the provision of investment advice may be incentivized to recommend higher risk investments than they otherwise would or to recommend the acquisition or disposition of assets based on their personal interests rather than the best interests of the Fund as a whole. Also, Brevet Investors may have information regarding potential investments that may be more comprehensive than information known by the Funds' underlying investors. Brevet Capital has implemented policies and procedures, including the Code of Ethics, that are designed to mitigate and properly manage any conflicts of interest and to require employees to act in the best interests of Brevet Capital's clients.

### ***Other Conflicts of Interest***

#### *Client Cross Transactions*

In some circumstances, Brevet Capital's clients may sell assets to, purchase assets from, or otherwise share in investment transactions with other of Brevet Capital's clients. To address conflicts of interest, Brevet Capital has (i) established a Conflicts Advisory Board to identify, evaluate, and make recommendations regarding potential and actual conflicts of interest arising between or among the Brevet Entities, as discussed in Item 10 ("*Other Financial Industry Activities and Affiliations*") of this brochure, and (ii) enacted policies and procedures formulated to consistently and equitably allocate investment opportunities among its clients, as discussed in Item 6 ("*Performance-Based Fees and Side-By-Side Management*") of this brochure. Brevet Capital may additionally recommend that clients, or may cause clients to, lend or borrow to or from other clients, including, for example, for purposes of providing bridge financing to fund investments.

#### *Principal Transactions*

Brevet Capital generally does not, as principal, engage in securities transactions with its clients. Prior to engaging in any such transaction with a client, Brevet Capital will first disclose to the client in writing the capacity in which it is acting and will obtain the written consent of such client. With respect to certain of the Funds, such Funds' governing agreements provide that a majority-independent advisory board may consent to such a transaction on behalf of such Fund.

#### *Expense Allocations*

The expenses discussed in Item 5 ("*Fees and Compensation*") of this brochure may be shared by multiple clients. This may create conflicts of interest for Brevet Capital in some instances, as the allocation of such expenses may impact the performance of clients for which Brevet Capital has differing economic interests (e.g., differential ownership interests or compensation arrangements, including where some clients pay

only asset-based management fees while others pay performance-based fees or pay incentive allocations or carried interest). Brevet Capital allocates such expenses in its sole and absolute discretion exercising good faith. Brevet Capital has implemented policies and procedures designed to ensure that expense allocations are equitable and consistent. Certain expenses shared by one or more clients may be initially paid by a single client, which is then reimbursed by other clients for their appropriate share of the relevant expenses.

#### *Valuation*

Brevet Capital's clients' investments may include illiquid, subordinate, non-traded, or lightly traded investments held in a variety of countries for which market values are not readily available and fair values may be difficult to estimate. Brevet Capital could be conflicted in valuing such investments in clients' accounting records or investor reports in order to improve the performance presented to investors or potential investors or to minimize write-downs impacting incentive allocations, carried interest, and/or management fees.

In order to address these risks, Brevet Capital and the Funds (i) have adopted valuation policies that ensure valuation methodologies are appropriately applied in accordance with U.S. GAAP and, in the case of the Funds, their offering documents and (ii) utilize the services of an independent firm to review and advise on Brevet Capital's valuation methodology. However, there can be no assurances such valuations, or their underlying assumptions, will prove to be accurate.

#### *Possession of Material Non-Public Information*

Brevet Capital may come into possession of material, nonpublic information with respect to investment targets and other public companies in connection with advising its clients. Possession of material, nonpublic information by Brevet Capital may limit the ability of its clients to buy or sell the applicable company's securities. In addition, Brevet Capital may enter into confidentiality agreements that include provisions, such as "standstills", that limit the ability of its clients to buy or sell certain securities. Brevet Capital maintains policies and procedures designed to protect confidential information in accordance with applicable regulations, and also maintains policies and procedures designed to ensure the confidentiality of client information generally.

### **ITEM 12: BROKERAGE PRACTICES**

Brevet Capital generally does not utilize or recommend the services of broker-dealers for client transactions. The majority of the investments recommended by Brevet Capital are not market-traded instruments, and so traditional best execution concepts for market-traded instruments do not readily apply.

In any event, Brevet Capital seeks to trade assets on behalf of its clients in a manner that is fair and equitable to all clients, and to exercise diligence and care throughout the transaction process. Brevet Capital will not recommend brokers to clients, allow clients to direct brokerage, or have any soft dollar arrangements.

### **ITEM 13: REVIEW OF ACCOUNTS**

Brevet Capital's risk managers periodically review client accounts, and performance is monitored on an ongoing basis. Allocation guidelines are periodically reviewed and updated to account for evolving client needs. Allocations of individual investment opportunities to Brevet Capital's clients are made by the Investment Committee in accordance with such allocation guidelines and are reviewed and approved by Brevet Capital's Chief Compliance Officer and/or one or more of her designees. Brevet Capital personnel also regularly communicate with risk management via meetings and e-mail to discuss clients' investments. Additionally, each Fund investor receives unaudited reports of the performance of such Fund and the status of its capital account either monthly or quarterly, as well as audited year-end financial statements annually.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Brevet Capital and/or certain of the Funds may engage registered broker/dealers ("Placement Agents") and/or consultants and finders ("Finders") to assist in the sale to investors of interests in the Funds. If a prospective investor in a Fund is introduced to Brevet Capital by a Placement Agent or a Finder and ultimately invests in a Fund, then Brevet Capital and/or such Fund may pay such Placement Agent or Finder a referral fee.

Brevet Capital may additionally engage Placement Agents or Finders to solicit clients for Brevet Capital (and not prospective investors in a Fund). If a prospective client is introduced by a Placement Agent or a Finder and ultimately becomes a client of Brevet Capital, then Brevet Capital may pay such Placement Agent or Finder a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any unaffiliated Placement Agent or Finder shall, at the time of the solicitation, disclose the nature of its solicitor relationship and shall provide to such prospective client a copy of this brochure together with a copy of the written disclosure statement from such Placement Agent or Finder to the prospective client disclosing the terms of the solicitation arrangement between Brevet Capital and such Placement Agent or Finder, including the compensation to be received by such Placement Agent or Finder from Brevet Capital. Any affiliated Placement Agent or Finder of Brevet Capital shall disclose the nature of its relationship with Brevet Capital to prospective clients and Fund investors at the time of the solicitation and shall provide such prospective clients and investors with a copy of this brochure.

Fees paid to Placement Agents and Finders may be one-time referral payments or may be ongoing fees based on a percentage of the capital invested or the fees received by Brevet Capital and its affiliates with respect to investors referred by such Placement Agents or Finders. Fees paid by a Fund generally will offset the management fees that would otherwise be payable to Brevet Capital by such Fund.

### **ITEM 15: CUSTODY**

Brevet Capital has custody of certain client assets. In connection therewith, Brevet Capital has established a policy regarding custody of client assets and has committed to providing ongoing monitoring to ensure the policy is followed.

Brevet Capital and/or the clients have engaged qualified custodians to maintain custody of client assets that are required to be maintained with a qualified custodian. Client assets that qualify as “privately offered securities” (either under Rule 206(4)-2 of the Advisers Act or the related SEC staff guidance) likely would not be maintained with a qualified custodian pursuant to the SEC’s IM Guidance 2013-04, *Privately Offered Securities and the Investment Advisers Custody Rule*.

Each Fund provides its investors with (i) annual audited financial statements performed by an independent certified public accounting firm; (ii) quarterly or monthly unaudited performance reports; and (iii) copies of such Fund’s tax return or K-1 for each year, as applicable.

## **ITEM 16: INVESTMENT DISCRETION**

Brevet Capital’s investment management agreements generally provide for either discretionary or non-discretionary investment authority with respect to its clients from the outset of the applicable advisory relationship.

### ***Non-Discretionary Authority***

For certain of the Funds, Brevet Capital provides only non-discretionary investment advice and recommendations.

### ***Discretionary Authority***

For certain of the Funds, Brevet Capital provides investment advisory services involving a significant amount of investment discretion. Brevet Capital generally makes decisions as to which assets, investments, and/or securities to acquire or dispose of, and the amounts and timing of such transactions, without any requirement to provide notice to, consult with, or seek the consent of its clients in advance. In making such decisions, Brevet Capital is guided by the stated investment objectives and offering documents of such Funds. In certain limited circumstances, Brevet Capital is required to obtain the advance consent of its client before making an investment (*e.g.*, causing a client to enter into a transaction with an affiliate of Brevet Capital or acquiring particular classes of assets).

For SMAs, Brevet Capital typically makes investment recommendations, and the ultimate decision to make any such investment typically is made by representatives of such SMAs. Thereafter, Brevet Capital typically has discretionary authority to manage and control the disposition of such investments.

## **ITEM 17: VOTING CLIENT SECURITIES**

Due to the nature of Brevet Capital’s advisory services, Brevet Capital does not vote client proxies.

## **ITEM 18: FINANCIAL INFORMATION**

### ***Prepayment of Fees***

Brevet does not require or solicit prepayment of fees six (6) months or more in advance.

***Financial Condition***

Brevet Capital does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

***Bankruptcy***

Brevet Capital has not been, nor is it currently, the subject of a bankruptcy petition.