

DISCLOSURE BROCHURE
FORM ADV PART 2A

Lodgepine Capital Management Limited

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This Brochure provides information about the qualifications and business practices of Lodgepine Capital Management Limited (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 1-441-504-9178 and/or through our website at www.Lodgepine.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This is the Adviser's initial filing of Form ADV Part 2A and therefore there are no material changes to report.

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Item 4 – Advisory Business

A. Description of Lodgepine Capital Management Limited.

Lodgepine Capital Management Limited (the “**Adviser**”), a Bermuda exempted company incorporated with limited liability on July 26, 2019, is an investment manager specializing in insurance-linked instruments that enable access to insurance and reinsurance-linked assets and securities including catastrophe retrocessions (“**Cat Retro**”). The Adviser’s principal owner is Markel Corporation (“**Markel**”) (through Alterra Capital Holdings Limited (“**Alterra Holdings**”).

Markel is a holding company for insurance, reinsurance, and investment operations around the world and is a publicly traded company listed on the New York Stock Exchange (NYSE – MKL).

B. Advisory Services Offered.

The Adviser will provide investment management services regarding insurance and insurance-linked instrument related strategies to Lodgepine Fund Limited (the “**Company**”), a mutual fund company of unlimited duration incorporated with limited liability under the Companies Act 1981 of Bermuda, as amended, on September 25, 2019 and registered as a segregated accounts company under the Segregated Accounts Companies Act 2000, as amended.

The Adviser expects to act as the investment manager of two offshore segregated accounts established by the Company, identified as the Retro Fund, the “**Fund**” and the Retro Master Fund, the “**Master Fund**”. The Fund is expected to generally invest its assets through a “master-feeder” structure, conducting its investment and trading activities indirectly through an investment in the Master Fund. References to “Fund” herein refer to the Fund or the Master Fund, as applicable. The Adviser anticipates providing investment management services regarding insurance and reinsurance risk strategies to the Fund. In addition to the Fund, the Company has the right to open an unlimited number of additional segregated accounts. Such additional segregated accounts may be established as additional investment funds pursuing different investment strategies as the Fund that are offered to multiple investors or single investor vehicles that may also invest in the Master Fund. For purposes of this Brochure, all of the foregoing additional funds and accounts shall be referred to collectively as the “**Funds**”.

The Fund is open for investment only by qualified institutional or high net worth investors that meet the suitability requirements set forth in the applicable subscription agreement. The Fund’s investment objective is to deliver positive returns to the shareholders of the Fund over the long term by participating in the investment returns of various insurance-based instruments, consisting primarily of traditional catastrophe retrocessional risk.

The Adviser expects that its advisory services will be limited to advice regarding the foregoing investment strategy and instruments, as generally described. For a complete description of the Fund’s investment objective and strategy as well as a description of the material terms of an investment in the Fund (including the risks of an investment and associated conflicts of interest), please refer to the Fund’s Offering Memorandum (the “**Memorandum**”).

To facilitate the Fund's access to the traditional reinsurance market, the Adviser anticipates organizing Lodgepine Reinsurance Limited, a Bermuda licensed Collateralized Insurer, (the "**Reinsurer**"). The Reinsurer will seek exposure to reinsurance risks in several manners, including by directly facing ceding companies or utilizing one or more rated fronting reinsurers (including, for example, Markel Bermuda Limited, a Class 4 insurer and subsidiary of Markel ("**MBL**")) that themselves will directly face ceding companies. The Adviser will also act as the insurance manager of the Reinsurer pursuant to an Insurance Management Agreement. In addition to accessing reinsurance risk exposures through the Reinsurer, the Adviser may also use the Fund to make certain investments directly or through the Master Fund, if the Adviser determines it appropriate.

C. Tailored Services.

An offering to invest in the Fund can be made only by means of the Memorandum. As the investment manager of the Funds, the Adviser makes decisions on how the Funds should allocate assets to certain investments; selects brokers, dealers, banks and other counterparties or intermediaries by or through whom portfolio transactions will be executed or carried out; monitors the Funds' investments; and makes all other necessary or appropriate recommendations to carry out its portfolio management duties.

D. Wrap Fee Programs.

The Adviser does not participate in any wrap fee programs. Please refer to *Item 5 – Fees and Compensation*, below, for more information regarding the Adviser's fees.

E. Client Assets the Adviser Manages.

At time of this initial ADV filing, the Adviser does not have any assets under management. However, the Adviser has registered with the SEC in reliance on Rule 203A-2(c) because it has a reasonable expectation to be eligible for SEC registration within 120 days from the date its registration became effective. This Brochure provides descriptions of the strategies and policies the Adviser intends to implement upon effectiveness of its registration.

Item 5 – Fees and Compensation

A. The Adviser's Fees and Compensation.

The Adviser's compensation for the investment advisory services it provides to the Fund will be comprised of an asset-based management fee ("**Management Fee**") and a performance-based fee ("**Performance Fee**," together with the Management Fee, the "**Advisory Fees**"), as explained below. The Board of Directors of the Company (the "**Board**") in consultation with the Adviser, may waive all or any portion of the Advisory Fees with respect to any shareholder, including the Adviser, affiliates of the Adviser, their officers and employees, and members of the immediate families of such persons and entities for their benefit. No additional Management Fee or Performance Fee will be payable in connection with the Fund's investment in the Master Fund.

Management Fee: The Adviser generally receives a Management Fee (paid monthly in arrears) equal to a percentage of the net asset value of each series of shares in the Fund. Such net asset value is calculated on the last calendar day of each calendar month prior to any accrual for or payment of any Management Fee, Performance Fee or redemption effected on such date. With respect to certain series of shares in the Fund, the Management Fee for such series will be accrued, but not paid until the occurrence of certain value recognition events. The Adviser's fee schedule is omitted because this Brochure is only being delivered to qualified purchasers as defined in the Investment Company Act of 1940, as amended.

Performance Fee: The Adviser generally is entitled to receive a Performance Fee from each shareholder's sub-series of shares in the Fund at the end of each fiscal year (and upon each redemption, dividend payment and the winding up of the Fund). The Performance Fee will equal a percentage of the performance achieved for each shareholder's sub-series of shares relative to the high water mark attributable to such shareholder and is calculated after reduction for the *pro rata* share of Management Fees, transactional and other expenses allocable to the particular sub-series.

B. Deductions.

Advisory Fees are charged as earned according to the general schedule described above, and are automatically deducted from the assets of the Fund.

C. Expenses.

The Fund will be responsible for the payment of the expenses (including through reimbursement of the Adviser or its affiliate) related to its operation, administration, brokerage and management, including, without limitation, audit and tax preparation fees; fees, costs and expenses incurred in connection with Fund borrowings; Fund administration fees; costs, expenses and fees for attorneys, accountants, actuaries, consultants and other professionals or experts; the Fund's insurance premiums and expenses relating to the offer and sale of the shares, including the cost of producing and distributing offering memoranda and other marketing materials; reinsurance trust trustee fees; bank charges; filing fees; travel, lodging and marketing expenses incurred by the Fund and the Adviser in connection with the offering of the shares in respect of the Fund; due diligence expenses of the Adviser, including related research expenses and related travel and lodging expenses; fronting fees; regulatory and self-regulatory fees and expenses, including self-regulatory organization

membership fees; corporate and insurance licensing fees; corporate secretarial fees, including fees related to provision of the registered office; custodial fees; reinsurance and insurance brokerage fees; ceding commissions; underwriting expenses, including fronting and tail-risk fees payable to fronting carriers; hedging costs, including premiums for reinsurance and retrocessions and other protection contracts and the costs of currency hedging; all fees and expenses incurred in connection with collateral security structuring and servicing; valuation services expenses; fees and expenses relating to modelling services, software tools, programs or other technology utilized in managing the Fund (including third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data (including any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); costs of printing and mailing reports and notices to shareholders; other investment expenses, such as commissions, interest on margin accounts and other indebtedness; and other expenses related to the purchase, sale, transmittal or resolution of the Fund's assets and all other operating expenses.

Additionally, the Fund will bear its *pro rata* portion of the Company's expenses (including through reimbursement of the Adviser or its affiliate) related to its operation, administration, brokerage and management, including, without limitation, audit and tax preparation fees, fees and costs of the directors of the Company, filing and registration fees of the Company and the Company's insurance premiums. Non-executive directors will receive annual fees from the Company.

The Fund will be responsible for the payment of the expenses (including through reimbursement of the Adviser or its affiliate) related to its licensing, director costs, operation, administration, audit, brokerage and management. The Fund will also be responsible for the payment of the expenses which are directly attributable to it as a result of the Reinsurer conducting reinsurance activities that inure to the Fund. Additionally, the Fund will bear its *pro rata* portion of the Reinsurer's expenses related to (i) the Reinsurer's general operation, administration, brokerage and management, including, without limitation, audit and tax preparation fees, legal fees, fees of the directors of the Reinsurer, filing and registration fees of the Reinsurer, the Reinsurer's insurance premiums and any extraordinary costs that the Adviser considers properly incurred for the benefit of the Company, (ii) Lodgepine Holdings Limited's ("**Holdings**") expenses related to Holdings' operation, administration and management, including, without limitation, audit and tax preparation fees, legal fees, fees and costs of the directors of Holdings, filing and registration fees of Holdings, Holdings' insurance premiums and any extraordinary costs that the Adviser considers properly incurred for the benefit of the Company and (iii) Lodgepine Purpose Trust's (the "**Trust**") expenses related to the Trust's operation, administration and management, including, without limitation, audit and tax preparation fees, legal fees, fees and costs of the trustee of the Trust, filing and registration fees of the Trust, the Trust's insurance premiums and any extraordinary costs that the Adviser considers properly incurred for the benefit of the Company. The Reinsurer will reimburse the Adviser for any of the Reinsurer's operating expenses that the Adviser pays out-of-pocket (which will ultimately be borne by the Fund and the shareholders therein). Such expenses typically relate to the monitoring and reconciliation of the investments attributable to the Fund. The Fund also will bear the costs associated with extraordinary expenses, if any, such as litigation costs and damages and taxes

attributable to it and its *pro rata* portion (based on net asset value) of any extraordinary expenses of the Company and the Reinsurer not otherwise specifically attributable to any additional funds.

Insurance Management Fee: The Fund will bear its *pro rata* portion of a fee per annum, paid by the Reinsurer to the Adviser, pursuant to the Insurance Management Agreement between the Adviser and the Reinsurer, for insurance management services provided to the Reinsurer. Such fee will be subject to review on an annual basis. The amount of such fee may vary (based upon the underlying cost of the insurance management services or other change in circumstances) as determined by the Adviser and the Reinsurer.

Fronting Fees to Affiliates:

The Reinsurer will enter into a fronting arrangement with MBL whereby MBL will act as a fronting carrier. The Reinsurer may enter into fronting arrangements with another affiliate of the Adviser or a third party whereby such other affiliate or third party would act as a fronting carrier. Such fronting arrangements may allow the Fund to access risks that may not be available to be written directly by the Reinsurer. Any fees payable by the Reinsurer to MBL (or such affiliate of the Adviser or third party) for such fronting services under fronting arrangements will be paid at market consistent rates and subject to the prior consent of the Conflicts Advisory Representative ("**CAR**"). Independent Directors of the Board will initially serve as CARs for the Fund.

In addition, the Adviser may cause the Fund to pursue transactions which either Markel, one of its affiliates or the clients of a Related Adviser (as defined below) are also pursuing and may incur expenses similar to those discussed above in connection with such transactions. The Adviser will seek to allocate expenses incurred in connection with such transactions such that the Funds do not bear more than their fair share of such expenses based on each party's expected participation in the transaction or such other criteria as the Adviser determines to be fair and reasonable under the circumstances and in accordance with its internal policies.

D. Payment of Fees.

Advisory Fees generally are paid in arrears; the Fund is not required to pay fees in advance.

E. Sales Compensation.

Neither the Adviser nor any of its supervised persons receive compensation for the sale of Fund shares to investors, or for the sale of securities or other investment products. The Adviser may share its management fees with marketing agents for the private distribution of Fund interests or shares, as further described in *Item 14.B. –Client Referrals and Other Compensation*, below.

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

The Adviser's fees include Performance Fees, which are based on a percentage of investment profits. Performance fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. In addition, since the Performance Fee will be calculated on a basis that includes unrealized appreciation of the Fund's net asset value, the fees paid to the Adviser may be greater than if it were based solely on realized gains.

Item 7 – Types of Clients

Investment advice is provided directly to the Funds and not individually to the Funds' investors. Sophisticated institutional and high net worth investors may invest in the Funds. Details concerning applicable investor suitability criteria are set forth in the Company's governing documents and subscription materials. Investors will be required to satisfy certain minimum regulatory suitability requirements and make the minimum investment, generally \$25 million. The rights and restrictions that apply to investors may be modified and/or additional terms agreed to in side letters or customized fund-of-one arrangements.

As discussed above, the Adviser also acts as the insurance manager to the Reinsurer. The Adviser collects an additional management fee in connection with its insurance manager services. See *Item 5 – Fees and Compensation*.

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

A. Methods of Analysis and Investment Strategies.

The Adviser's objective is to deliver positive returns to shareholders over the long term by participating in the investment returns of various insurance-linked instruments, consisting primarily of traditional Cat Retro. The Adviser advises the Funds regarding the investment instruments in which the Funds will invest, and on what terms, pursuant to the investment objectives and strategies to be employed by the particular Fund. In making this determination, the Adviser examines underwriting information relating to catastrophe events, including statistical databases and modeling software. Investors should be aware that investing in securities involves risk of loss that they should be prepared to bear.

B. Risks of Loss.

There is high risk associated with an investment in the Fund. An investment in the Fund should only be made after consultation with independent qualified sources of investment and tax advice. No guarantee or representation is made that the Fund's investment strategies will be successful. As is true of any investment, there is a risk that an investment in the Fund will be lost entirely or in part. The Fund is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

There are various material risks that are attendant to the insurance-linked instruments utilized by the Adviser for the Funds of which investors should be aware. Some of these risks are set out below. For a more complete statement of the risks related to the Funds' investments, please refer to the Memorandum.

Portfolio Concentrated in Insurance-Linked Instruments. The Fund will concentrate its portfolio in insurance-based instruments, including shares of reinsurance funds, insurance-linked securities (such as notes, swaps and other derivatives) and other financial instruments ("***Insurance-Linked Instruments***"). In particular, the Fund is expected to invest substantially in reinsurance exposures. Insurance-Linked Instruments are particularly exposed to sudden substantial or total loss due to, among other things, natural and man-made catastrophes. These, as well as other factors, can cause sudden and significant price movements in Insurance-Linked Instruments. The Fund's concentration in Insurance-Linked Instruments is subject to some dimension of market risk, including directional price movements, deviations from historical pricing relationships, changes in the legislative, legal, judicial or regulatory environment, changes in market volatility, weather events, international political events, "flights to quality," emerging issues related to claims and coverage, etc.

Illiquidity. Insurance-Linked Instruments have a limited secondary market. Cat Bonds (as defined below) and investments in sidecars may have market quotes, but the trading volume may be low and pricing correspondingly ineffective. Industry loss warranties have even less liquidity and pricing transparency, and private reinsurance arrangements currently have no secondary market. While these Insurance-Linked Instruments generally can be sold at a price, they are largely buy and hold instruments, and it may require substantial time to enter into or exit a position and the amount that

could be recognized upon a liquidation may be materially less than its theoretical fair value. If one or more trigger events occur, then, due to the liquidity of Insurance-Linked Instruments, the Fund's Insurance-Linked Instruments portfolio is more likely to be mis-valued. Liquidity may also be affected by a number of other factors, such as whether a covered event has occurred or whether a catastrophe season has passed. It is anticipated that the Fund will retain its exposure for the duration of the Insurance-Linked Instruments, gradually recognizing income as the likelihood of a covered event occurring in respect of one of more Insurance-Linked Instruments and the Fund incurring a loss diminishes.

Risk of Loss Due to Catastrophic or Other Events. The Fund may invest in Cat Bonds and related instruments, the investment returns of which are related to the occurrence of catastrophic, weather or other natural or non-natural events that traditionally are the subject of insurance. Such instruments may be subject to the risk of loss or reduction of principal and/or interest due to the occurrence of catastrophic or other events. Similarly, instruments, such as catastrophe options, that may be written by the Fund potentially could expose the Fund to liability far in excess of the option premium received, due to the occurrence of catastrophic or other events. Accordingly, such instruments are speculative, and the Fund could lose all or part of the principal or interest, or an amount in excess of any premium collected or specified margin deposit, if any, with respect to such instruments upon the occurrence of a catastrophe or other event. In addition, the impact of certain catastrophic events on Insurance-Linked Instruments may not be apparent or known for some time after the occurrence of such events, and this uncertainty is not always reflected in the valuations of Insurance-Linked Instruments. While the Fund may implement special allocations to address the difficulties in receiving accurate and timely information regarding Insurance-Linked Instruments, shareholders may still potentially experience losses on their investments in the Fund arising from events that occurred prior to their investment in the Fund.

Limitations on Participation in the Cat Bond Market. Catastrophe-linked securities, commonly referred to as "cat bonds" ("**Cat Bonds**"), in almost all cases, are privately-issued securities that are not listed or traded on any public exchange. In general, all re-sales of such securities (or, in the case of non-U.S. issuers, all sales and re-sales within the United States or to "United States Persons") are strictly subject to Rule 144A promulgated under the Securities Act of 1933 ("**Rule 144A**"). Pursuant to Rule 144A, the securities may be transferred or sold only to purchasers that are "Qualified Institutional Buyers" ("**QIBs**") as defined therein. In order to qualify as a QIB, the Fund must at all times own or have discretion to trade at least \$100 million in "eligible securities" (as defined under Rule 144A). Thus, the Fund's qualification to purchase Cat Bonds may be dependent upon it maintaining or achieving QIB status under relevant regulations. A failure to maintain QIB status may severely impede the Fund's ability to purchase Cat Bonds.

In certain cases, the Fund may decide to participate in the Cat Bond market by entering into a derivative agreement with an institution that itself qualifies for QIB status. Neither the Adviser nor its counsel makes any representations as to any specific legal or regulatory impact or outcome of such arrangements. There are a very limited number of broker-dealers who are willing to allow their clients to invest in Cat Bonds via a derivative agreement (such as a total return swap). If a derivative

agreement is cancelled by a broker-dealer, an immediate forced liquidation of the underlying portfolio may be necessary in the event that the Fund does not itself have QIB status, which may have a substantial adverse effect upon the value of the Fund's account.

Direct, Private Insurance-Linked Instruments and Derivatives. In addition to Rule 144A Cat Bonds and total return swaps, the Fund may also enter into other classes of private Insurance-Linked Instruments. These deals, which may include derivative risk swaps, are likely to be transacted directly with an institutional counterparty, with or without the involvement of a placement agent or broker. In certain instances, such transactions may require that a portion of the Fund's assets be held as collateral subject to a perfected security interest in favor of the counterparty. Risks specific to such investments include custodial as well as counterparty credit risk, as situations may arise under such swap agreements in which the counterparty may gain control of a portion of the Fund's collateral for significant periods of time, and the ability of the counterparty to repay any portions of such collateral ultimately owing to the Fund may be impaired in the event of a dispute or counterparty insolvency. Thus, private insurance-linked risk swaps and other similar investments may involve a high degree of structural and financial risk that can result in substantial losses. In addition, there is no existing market for the purchase and sale of such investments, and as a result the Fund may not be able to sell such investments readily.

Application of Insurance Laws to the Fund, the Reinsurer or the Issuer of Certain Insurance-Linked Instruments. Insurance regulatory authorities often have broad discretionary powers in administering insurance laws, including the authority (subject to appeal in court or otherwise) to determine whether a party is conducting the business of insurance or reinsurance within their applicable jurisdictions. Because Insurance-Linked Instruments have certain features and an investment return that may be based on the occurrence of events which traditionally are the subject of insurance, it is possible that insurance regulatory authorities or courts could determine that the purchase or holding of such instruments or the writing of such derivatives constitutes the conduct of the business of insurance or reinsurance. If such a determination is made and a holder of such instruments or a writer of such derivative instruments is not duly licensed to conduct such activities in the applicable jurisdiction, such holder or writer may be subject to regulatory and legal action. Typically, such regulatory and legal action may include orders to cease and desist from the offending activities (which may require a divestiture, unwinding or termination of the offending instruments), civil forfeitures or criminal fines. There can be no assurance that insurance regulatory authorities will not challenge the purchase or writing of one or more such instruments or derivatives as constituting the business of insurance, and it is unclear how such a challenge would affect the Fund. In addition, entities that issue, acquire or enter into Insurance-Linked Instruments face unanticipated expenses due to such regulation that may result in such an entity being unable to satisfy its obligations, including those related to the Insurance-Linked Instruments.

Conversely, because the Fund, as well as many issuers of Insurance-Linked Instruments, is domiciled in non-U.S. jurisdictions, such entities may not be subject to the same degree of regulatory oversight to which investors may be accustomed to seeing similar entities subject in the U.S. Similarly, because such entities often are subject only to the laws of non-U.S. jurisdictions, it could be difficult for an

investor, including the Fund, in such an entity to make a claim or enforce a judgment against the entity or its directors or officers.

Legal and Regulatory Activities Relating to the Insurance Industry. The Adviser expects that the Fund, the Master Fund and the Reinsurer will operate their respective businesses in a manner such that the Fund, the Master Fund and the Reinsurer will not be subject to insurance and/or reinsurance licensing requirements or regulations in any jurisdiction other than Bermuda, in which the Reinsurer will be licensed as a Collateralized Insurer. Although the Adviser does not currently expect the Fund, the Master Fund or the Reinsurer to engage in activities which would require it to comply with insurance and reinsurance licensing requirements outside of Bermuda, should the Fund, the Master Fund or the Reinsurer choose to engage in activities that would require it to become licensed in such jurisdictions, the Adviser cannot assure potential investors that the Fund, the Master Fund or the Reinsurer will be able to do so or to do so in a timely manner.

The insurance and reinsurance regulatory framework has from time to time been, and currently is, subject to increased scrutiny in the U.S. and various states within the U.S. In the past, there have been Congressional and other initiatives in the U.S. regarding increased supervision and regulation of the insurance industry, including proposals to supervise and regulate alien reinsurers. It is not possible to predict the future impact, if any, of changing law or regulation on the operations of the Fund. The Bermuda insurance and reinsurance regulatory framework is the only non-European regulatory framework to have been assessed by European Union regulators as fully equivalent with its own solvency regulation regime (Solvency II) and, in the U.S., the National Association of Insurance Commissioners has pre-qualified the Bermuda Monetary Authority as a regulator which meets its standards.

The Reinsurer will be licensed as a Bermuda Collateralized Insurer. As such, it is subject to regulation and supervision in Bermuda. The Bermuda Insurance Act 1978, as amended, and related regulations and policies of the BMA require the Reinsurer to, among other things, (i) maintain a minimum level of capital, surplus and liquidity, (ii) satisfy solvency standards, (iii) comply with restrictions on dividends and distributions, (iv) obtain prior approval of ownership and transfer of shares, (v) maintain a principal office and appoint and maintain a principal representative in Bermuda, and (vi) provide for the performance of certain periodic examinations of the Reinsurer and its financial condition. These statutes, regulations and policies may affect the Reinsurer's ability to enter into reinsurance agreements, to distribute funds and to pursue its investment strategy. The Reinsurer has no intention to be registered or licensed as an insurance company in any jurisdiction other than Bermuda.

Reduction in Demand and Availability of Alternative Products. There can be no assurance that attractive pricing will be available to the Reinsurer, in the case of investments in collateralized reinsurance-linked contracts or to the insurance industry generally. The property reinsurance business has been highly cyclical and reinsurers have experienced significant fluctuations in operating results due to competition, frequency of occurrence or severity of catastrophic events, levels of capacity, general economic conditions and other factors. Demand for reinsurance is influenced significantly by the underwriting results of primary insurers, regulatory and rating

agency requirements of primary insurers and reinsurers, availability of alternative competing products and prevailing market and general economic conditions. In recent years, there has been a marked increase in the number of, and flow of capital into, investment vehicles established in order to implement alternative asset investment strategies, including the strategies similar to the strategy implemented by the Fund. In particular, there has been substantially increased investor interest in Cat Bonds. This has led to increased competition with respect to investment opportunities and increased competition to acquire Cat Bonds as well as an increased use of highly sophisticated risk modeling methods reducing margins previously associated with Cat Bonds.

The competition in the risk-linked markets has intensified as a result of the generally lower return expectations from more typical hedge fund strategies. Especially in the current low return environment, investors are attracted to the risk-linked markets due to such markets' likely minimal correlation with financial assets strategies as well as potentially comparatively high returns (if insured events do not occur).

Catastrophes: Climate Change. Insurance-Linked Instruments may incur material losses as a result of natural, man-made or other catastrophes. The Fund will have substantial exposure to losses resulting from natural and man-made disasters and other catastrophic events. Catastrophes can be caused by various events, including, but not limited to, hurricanes, earthquakes, typhoons, hailstorms, floods, tsunamis, tornados, windstorms, extreme temperatures, aviation accidents, fires, explosions and marine accidents.

The frequency and severity of natural catastrophe activity, including hurricanes, tornadoes, floods and droughts, has been greater in recent years. Atmospheric concentrations of carbon dioxide and other greenhouse gases have increased dramatically since the industrial revolution and there is debate as to whether this has caused a gradual increase in global average temperatures and lead to global climate change. Various scientists, environmentalists, international organizations, regulators and other commentators believe that global climate change has added, and will continue to add, to the unpredictability, frequency and severity of natural disasters (including hurricanes, tornadoes, freezes, other storms and fires) in certain parts of the world.

While the incidence and severity of such catastrophes are inherently unpredictable, the loss experience in respect of catastrophes has been generally characterized as low frequency and high severity. However, increasing global average temperatures may continue in the future and may result in natural disasters, catastrophes and extreme-weather events occurring at greater frequencies which, depending on the relative severity, could significantly impact the Fund's returns, reduce the Fund's earnings and cause substantial volatility in its results of operations for any fiscal quarter or year and adversely affect the Fund's overall financial condition. Given the scientific uncertainty about the causes of increased frequency and severity of catastrophes and the lack of adequate predictive tools, the Adviser cannot predict the impact that changing climate conditions, if any, will have on the performance of the Fund. Additionally, the Adviser cannot predict how legal, regulatory and social responses to concerns about global climate change will impact the Adviser.

The occurrence of claims from catastrophic events is likely to result in substantial volatility in the Fund's financial condition or results of operations for any fiscal quarter or year and could have a

material adverse effect on the Fund. The Adviser expects that increases in the values and concentrations of insured property will increase the severity of such occurrences in the future. Although the Adviser will attempt to manage the Fund's exposure to such events, a single catastrophic event could affect multiple geographic zones and lines of business or the frequency or severity of catastrophic events could exceed the Adviser's estimates, either of which could have a material adverse effect on the Fund's financial condition, its ability to raise capital and its ability to invest in new Insurance-Linked Instruments.

Subordination. Insurance-Linked Instruments often are subordinated to other obligations of the issuer, such as those obligations to a ceding insurer. Further, the Fund may make investments in Insurance-Linked Instruments that are subordinate to other securities or other obligations of such issuer. Consequently, if such an entity incurs unexpected expenses or liabilities in connection with its activities, the entity may be unable to pay the required interest and/or principal on its issued securities.

Investments of Issuers. The ability of issuers of Insurance-Linked Instruments to provide the expected investment returns on their issued securities is based in part on such entities' investments, which may be subject to credit default risk, interest rate risk, risk of delay in liquidation or redemption and other risks.

Duration of Insurance-Linked Instrument Risk Periods. Most Insurance-Linked Instruments have been issued with approximately a 12-month to 36-month risk period. These risk periods will not necessarily correspond with the redemption dates for shares, and the non-correlation between the timing of the Fund's Insurance-Linked Instruments commuting or otherwise going "off risk" and a shareholder's request for redemption could lead to significant delays in the return of redemption proceeds to such redeeming shareholder.

Reliance on Fronting Arrangements. Entities seeking to transfer catastrophe and other risks to the capital markets may require the entities to which such risk is transferred to have an established rating. Each of the Fund and the Master Fund, as a collateralized insurance-linked investment vehicle, and the Reinsurer, as a reinsurer that provides collateralized reinsurance, does not have a credit rating and therefore is entering into a fronting arrangement with MBL (and may enter into other fronting arrangements with other affiliates of the Adviser), which has an established credit rating, in order to meet such a requirement. In the event that these services are no longer provided by MBL (or another rated affiliate of the Adviser) or MBL's (or its affiliate's) credit rating is downgraded, the Fund may be required to replace MBL with the services of another affiliate or a third party. There can be no assurance that such services could be replaced quickly or without increasing the Fund's expenses. To the extent they are not able to be replaced quickly, the Fund's business may be materially and adversely affected.

Below Investment Grade Assets. The vast majority of the Fund's investments are expected to consist of participating shares of the Reinsurer. However, the Fund may also invest in "below investment grade" securities and obligations of issuers. In the Insurance-Linked Instruments (defined below) market, instruments are routinely graded as "below investment grade" because rating agencies have determined that if the principal amount can be lost due to a single event, such instrument cannot

receive a rating of investment grade. Accordingly, the Adviser expects a large portion of the Fund's portfolio to be comprised of either below investment grade or unrated instruments. The Fund will be taking risk commensurate with such ratings or lack of ratings.

Reliance on Adviser. Substantially all decisions with respect to the management of the Fund will be made exclusively by the Adviser. The Adviser also will make all of the investment decisions of the Fund, and shareholders will not be able to have input in or object to any of these decisions. The success of the Fund will be dependent upon the success of the Adviser directing the Fund to acquire a portfolio of Insurance-Linked Instruments with respect to which the premiums and other amounts received substantially exceed the losses incurred. Given certain shareholder rights to terminate the Adviser with respect to the Fund, there is a possibility that the Adviser may be terminated without the consent of certain shareholders.

Dependence Upon a Limited Group of Principals. The performance of the Fund's portfolio depends heavily on the financial and managerial experience of the management team associated with the Adviser. There can be no assurances that the management team will work together successfully. In addition, there can be no assurance that any particular individual will be responsible for managing the Fund's portfolio for any length of time. Key personnel could become unavailable involuntarily due, for example, to death or incapacity, as well as due to resignation. Retaining replacements would likely require considerable time and might not ultimately be successful. In particular, remaining personnel may not have meaningful experience with respect to the relevant Insurance-Linked Instruments. The loss of key personnel could have a material adverse effect on the Fund.

Restricted Liquidity and Limited Transferability of Fund Shares. Investors are not able to redeem their shares in the Fund, except periodically upon notice as set forth in the governing documents of the Fund, and subject to other limitations or conditions on the ability to receive redemption proceeds. There is no market for Fund shares, and investors are not permitted to assign or transfer their Fund shares, except with the Board's prior written consent, which it may withhold.

Side Pocket Investments. Pursuant to the terms of and as described in more detail in the Company's governing documents, the Board, in consultation with the Adviser, may determine that certain investments within the Fund may either lack a readily assessable market value or should be held until the resolution of a special event or circumstance. Such investments may be designated as "**Side Pocket Investments.**" The Adviser retains the ability to determine the number and aggregate fair value of such Side Pocket Investments in its sole and absolute discretion. There is no limitation on the amount or percentage of investments which may be classified as Side Pocket Investments. The Fund may not be able to readily trade Side Pocket Investments and, in some cases, may be contractually prohibited from trading or liquidating such investments for a specified period of time. Side Pocket Investments and other assets and liabilities for which no market prices are available will generally be carried on the books of the Fund at fair value (which may be cost) as reasonably determined by the Adviser. There is no guarantee that the carrying value will represent the value that will be realized by the Fund on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment.

Leverage. The Fund will not engage in direct borrowings to incur leverage for investment purposes. However, it is anticipated that the fronting arrangements in which the Fund will participate may have leverage embedded within them, and it is anticipated that the Fund will participate in transactions or hold instruments that have leverage embedded within them. The leverage embedded in such fronting arrangements and such transactions or instruments may enhance the returns generated in respect of the transaction executed using such fronting arrangements and in respect of those transactions or instruments as applied to the amount of capital employed by the Fund in establishing such positions. However, such embedded leverage may also amplify the effect of any losses incurred in respect of such positions on the Fund's capital attributable such positions.

Lack of Diversification. There are no diversification requirements in respect of the Fund's investments and the Fund may have a high concentration of investments in certain perils or geographies. Accordingly, the Fund's assets may be subject to greater risk of loss than if they were more widely diversified because the failure of one or a limited number of investments could have a material adverse effect on the Fund.

The foregoing is only a brief summary of certain risks relating to the Funds and their investments. Prospective investors are urged to review the Memorandum and other governing documents of the Fund for more detailed statements of the material risks, conflicts of interest and terms of investment in such Fund. There can be no guarantee that the Adviser's investment recommendations will be successful or that the Fund's investment objectives will be achieved.

Item 9 – Disciplinary Information

Neither the Adviser nor any of its officers, directors, or employees or other management persons, have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

A. Broker-Dealer.

Neither the Adviser nor any of its management persons is registered, nor has an application pending to register, as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor.

The Adviser does not intend to register as a “commodity pool operator” with the U.S. Commodity Futures Trading Commission (the “**CFTC**”) and is exempt from such registration pursuant to CFTC Rule 4.13(a)(3) with respect to the Company.

C. Relationships or Arrangements with Related Persons.

The Adviser and its management persons have no relationships or arrangements that are material to the Adviser’s advisory business or to the Funds, with related persons, except as described below:

1. Investment Company or Other Pooled Investment Vehicle.

As described more fully in *Item 4 – Advisory Business*, above, the Adviser is investment manager of the Company which is a privately offered pooled investment vehicle organized as a Bermuda mutual fund company.

2. Other Investment Adviser or Financial Planner.

Markel currently (a) wholly owns a separately operated investment adviser, which provides advisory services to private investment vehicles that bear various forms of insurance and reinsurance risk, including potentially retrocessional risk, and (b) owns a minority equity position in a separately operated investment adviser, which provides advisory services to private investment vehicles that bear various forms of insurance and reinsurance risk, including potentially retrocessional risk (clauses (a) and (b), together with any other advisers that may be organized or acquired by Markel or its affiliates, or in which Markel may have an ownership interest, a “**Related Adviser**”). Related Advisers will operate independently of the Adviser and will have no obligation to refer investment opportunities to the Adviser.

3. Insurance Company or Agent.

The Adviser also acts as insurance manager to the Reinsurer. The voting common shares of the Reinsurer are wholly-owned by Holdings, and in turn, all of the issued and outstanding shares (*i.e.*, shares which are not held in treasury) of Holdings are registered in the name of Butterfield Trust (Bermuda) Limited, as trustee of the Trust.

The Adviser’s sole shareholder, Alterra Holdings, is also the sole shareholder of MBL, a Class 4 Insurer.

4. Markel.

Markel, the sole shareholder of Alterra Holdings, is a holding company for insurance, reinsurance, and investment operations around the world. The Adviser may conduct

insurance or reinsurance deals with Markel or its affiliates, including, but not limited to, insurance companies that are affiliated with Markel (*e.g.*, MBL). Markel and its affiliates will in each such cases be acting for its own account, not taking into consideration the interests of the Funds.

Risks Relating to Markel Proprietary Commitment. Markel may fulfill its commitment to the Fund by (i) investing cash in exchange for participating shares or (ii) providing rated paper capacity to the Fund to enter into transactions on a fronting fee-free basis. Accordingly, shareholders of the Fund may be subject to the credit risk of Markel if Markel defaults on its obligations in respect of its fronting activities in respect of the Fund. In addition, in dealing with Markel, the Fund and the Adviser may have conflicts of interest in the event circumstances arise that have not been specifically contemplated or addressed in the documentation and therefore require them to determine what actions to take in connection with Markel's commitment and rated paper capacity.

Conflicts of Interest. The following inherent and potential conflicts of interest exist in respect of the Fund. Please refer to *Items 5 – Fees and Compensation* and *11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, as well as elsewhere in this Brochure, for more information regarding arrangements and relationships of the Adviser and its affiliates that create actual or potential conflicts of interest.

The Adviser is subject to various conflicts of interest in its relationship with the particular Fund and the Adviser's affiliates, including Markel and its subsidiaries, including, without limitation, a Related Adviser.

The Adviser is wholly-owned by Markel. Markel has existing and potential relationships with a significant number of institutions and individuals, particularly in the insurance and reinsurance industry. Markel and its affiliates are engaged in the business of insurance and reinsurance, including accessing third party capital to support insurance and reinsurance risks. Various potential and actual conflicts of interest with the Adviser and/or a Fund may arise as a result of the insurance and reinsurance products provided by Markel and its affiliates. There are no restrictions applicable to Markel or its affiliates with respect to writing similar reinsurance business to that written on behalf of a Fund. In addition, through the Reinsurer, the Fund may provide reinsurance protection on specified business to insurance companies affiliated with Markel in exchange for premium payments.

The Fund may have commercial and contractual arrangements with subsidiaries of Markel and certain conflicts of interest may arise out of these relationships. Conflicts may arise in the simultaneous provision of services by subsidiaries of Markel to the Fund because the interests of such subsidiaries may not be aligned. For example, although subsidiaries of Markel are providing services to, and may have information about all or a portion of the portfolio targeted for or written by, the Fund, such subsidiaries of Markel may or may not participate in or have exposure to the reinsurance and swap risk of the Fund.

Any of the subsidiaries of Markel, and/or their respective partners, principals, employees, officers, directors, shareholders and affiliates may have relationships, such as having investment interests in, holding directorship or serving as executives of, or otherwise being involved with cedants under transactions entered into by the Fund. Conflicts may arise between the duties of these persons and entities to the Fund and their other relationships. The activities of such persons and entities with these other relationships may affect the Fund's ability to participate in investment opportunities that it would otherwise have been eligible to participate in or may present regulatory or reporting issues with respect to certain investments. For example, affiliates of Markel may acquire material non-public and/or confidential information that may restrict (by law, internal policies or otherwise) the Fund from purchasing securities or other assets, or selling securities or other assets. Any of Markel and/or its respective representatives and affiliates may, in their discretion, make underwriting decisions that may be the same as or different from those made with respect to the business underwritten on behalf of the Fund. There are no restrictions applicable to Markel's subsidiaries writing similar reinsurance business to that which is written on behalf of the Fund. Nothing will prevent Markel or its affiliates from participating in the same layer or from writing different layers for the same cedant as the Fund. Markel has the right to write property catastrophe reinsurance protection for its own account, which may be similar to business targeted by the Fund. Furthermore, nothing will prevent Markel or its affiliates from establishing any other third party capital vehicles which may invest in similar risk as, and compete with, the Fund.

The proprietary activities of the Adviser and its affiliates and their respective employees could conflict with the transactions and strategies implemented by the Adviser on behalf of the Fund and adversely affect the prices and availability of the instruments in which the Fund invests. Issuers of instruments held by the Fund may have publicly or privately-traded securities in which the Adviser and its affiliates are investors. The activities of the Adviser and its affiliates generally are carried out without reference to risk positions held directly or indirectly by the Fund and may have an effect on the value of the positions so held or may result in the Adviser and its affiliates having an interest not aligned with that of the Fund.

Affiliates of the Adviser (including affiliates or other subsidiaries of Markel) may in the future provide services to the Fund and earn fees for such services, which, subject to the prior consent of a CAR (to the extent required), may be directly or indirectly borne by the Fund.

Markel affiliates, such as MBL, Markel Service, Incorporated, Markel Canada Limited and Markel International Services Ltd., are expected to provide services to the Adviser in exchange for fees and payment of expenses. A portion of such fees and expenses may be borne by the Fund and, in turn, passed on to shareholders of the Fund.

Markel also currently owns a business that provides fronting services in the insurance and reinsurance sectors, which could facilitate businesses that are competitive with the Fund and its investments or otherwise have adverse effects on the Fund and its investments. From time to time, the Adviser may cause the Fund to sell a security or other investment instrument to, or purchase a security or other investment instrument from, (i) funds or accounts managed by a Related Adviser

or (ii) Markel, its affiliate, or a fund or account in which the principals or employees of Markel or its affiliates have an interest.

In addition, through the Reinsurer, the Fund may provide reinsurance protection to insurance companies affiliated with Markel in exchange for premium payments. The Fund expects to bear risk with respect to retrocessional protection provided by MBL, which will retrocede business to the Reinsurer in exchange for a ceding commission and/or fronting fee. It is also possible that Markel could in the future acquire a cedant, the business of which is ceded either directly or indirectly to the Reinsurer. It is also possible that certain non-insurance company affiliates of Markel could purchase insurance coverage from a cedant of the Reinsurer, and losses of such non-insurance company affiliate of Markel could ultimately be borne by the Fund. In addition, as noted above, Markel owns a business that provides fronting services in the insurance and reinsurance sectors, and such fronting carrier receives fees in exchange for such fronting services. Business written by such fronting carrier could be retroceded to cedants of the Reinsurer and ultimately assumed by the Reinsurer, which would pay fees, which are ultimately borne by shareholders, to the fronting carrier.

In any such transaction, the Markel-affiliated counterparty or Related Adviser would be acting for its own account or the account of its clients, not taking into consideration the interests of the Fund. In general, the Adviser may execute such transactions on behalf of the Fund, *provided* that the Adviser determines that they are in the best interests of the Fund and on terms (including price) that are fair to the Fund and consistent with its investment objectives, and are otherwise in compliance with applicable law and the Adviser's policies and procedures, including with respect to cross trades and principal transactions. As a means of ensuring fair pricing and terms for any retrocessional or other coverage provided to a Markel-affiliated counterparty or a client of a Related Adviser, such coverage will generally only be written if (x) placed through an independent broker on a panel basis where the portion of risk borne by the Fund does not represent the majority of the placement or (y) if such transaction is approved by the CAR.

The Adviser, Markel and its affiliates may trade in the securities, commodities and derivatives markets for their own accounts and for the accounts of other clients, and in doing so may take different views on positions than those taken by the Adviser in respect of a Fund. Additionally, such affiliates and clients may be competing with a Fund for transactions in the marketplace. Such activities may result in competition for investment opportunities or create other conflicts of interest on behalf of one or more such persons in respect of their obligations to a Fund. None of Markel, any of its affiliates or related persons has any obligation to refer any investment opportunity to the Adviser or the Funds, even if such opportunity is suitable for the Funds. However, Markel, one of its affiliates or related persons may refer investment opportunities to the Adviser in their discretion and the Adviser may refer investment opportunities to Markel, one of its affiliates or related persons from time to time.

Markel and its affiliates hold minority interests in insurance and reinsurance entities, intermediaries, service providers and vendors, and may make additional investments in such entities in the future. Any such entity may provide services with respect to the investments or operations of a Fund. A Fund that receives services from any such entity will typically bear its proportionate share

of the fees or expenses related to those services. Any economic benefit derived by Markel and its affiliates from its minority interest in these entities will generally be retained for their own account. Investments in entities that provide these services are typically made by the Adviser so as to secure for the benefit of the Funds preferential rates for the provider's services, preferential capacity rights or other benefits for the Funds.

Markel and its affiliates have the right to participate in certain reinsurance transactions for their own accounts, which may be similar to business targeted by the Adviser on behalf of the Funds.

The Adviser has policies and procedures in place to address these conflicts of interest.

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

A. Description of Code of Ethics.

The Adviser has adopted a Code of Ethics pursuant to the SEC's rules under the United States Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), for all supervised persons of the Adviser. The Code of Ethics describes the Adviser's high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, political contributions, and personal securities trading procedures, among other things. In general, under its Code of Ethics and applicable law, the Adviser must make full and fair disclosure to its clients of all material facts. The Adviser and its personnel also are required to place the interests of its clients first, and to avoid activities, interests and arrangements that might interfere or appear to interfere with making investment decisions in the best interests of the Adviser's clients.

All supervised persons of the Adviser must acknowledge the terms of the Code of Ethics annually, or when it is materially amended.

The Adviser's current and prospective clients and investors may request a copy of the Adviser's Code of Ethics by contacting Brent Slade at (441) 293-9040 or Brent.Slade@lodgepine.com.

B. Material Financial Interest in Transactions.

The Adviser will manage the investment activities of various Funds and will receive advisory fees for its services to such Funds. The Adviser, its officers, directors, employees and affiliates may invest personally in Funds and are not charged advisory fees, or subject to a Fund's minimum investment requirement. The Adviser may advise Funds that use investment strategies which may be the same or different from or conflict with those of other Funds. The Adviser may have a conflict of interest in rendering advice to various Funds, because the financial benefit from managing a Fund's account may be greater than managing another account, providing an incentive to favor one account over the other. Further, the Adviser may have to allocate limited investment opportunities among Funds which in certain circumstances could work to the detriment of a Fund or group of Funds. In such event, the Adviser would not be committed to allocating opportunities among the Funds in any particular proportion. However, in all cases, the Adviser will endeavor to treat all Funds fairly in the allocation of investment opportunities over time, taking into account each Fund's investment objectives, strategies and guidelines. Where it is suitable for more than one Fund to participate in a particular investment, such investment will be allocated between the relevant Funds in an equitable manner that the Adviser will determine in its discretion, taking into account a variety of factors including, but not limited to, each Fund's overall investment strategy, risk level, current portfolio positioning, investment restrictions, availability of capital and subscription and redemption activity.

To the extent permitted by applicable law, the Adviser may enter into transactions and invest in securities, currencies or other instruments on behalf of a Fund in which the Adviser or its affiliates,

including Markel, acting as principal, serves as the counterparty. For example, as noted above, a Fund, through the Reinsurer, may provide reinsurance coverage to Markel or its affiliates where the Adviser determines that such transactions are in the best interests of the Fund. In any such arrangements, the Adviser may not be incentivized to raise disputes with Markel on behalf of a Fund where such disputes may be harmful to Markel or contrary to its commercial interests.

In addition, from time to time, to the extent permitted by applicable law, the Adviser may enter into transactions and invest in securities, currencies or other instruments (including, but not limited to, repurchase agreements and other forms of financing) on behalf of the Fund in which the Adviser or its affiliates, acting as principal or as agent for its customers, serves as the counterparty. The Fund will only consider engaging in a principal or cross transaction with an affiliate of the Adviser to the extent permitted by applicable law, including, if required or appropriate, the making of appropriate disclosure to and receipt of consent from a CAR. The Fund may acquire certain investments that have been issued or arranged by affiliates of the Adviser. The involvement of such affiliates of the Adviser with respect to investments by the Fund present certain actual or potential conflicts of interest, as the Fund's involvement may result in the Adviser's affiliates receiving compensation or otherwise benefiting their activities. Any such transactions between the Fund and the Adviser or its affiliate will be on an arm's length basis.

Furthermore, as noted above under Item 10.C., the Adviser may cause a Fund to sell a security or other investment instrument to, or purchase a security or other investment instrument from, (i) funds or accounts managed by a Related Adviser or (ii) Markel, its affiliate or a fund or account in which the principals or employees of Markel or its affiliates have an interest. For example and without limitation, a Fund may from time to time purchase retrocessional coverage, through industry loss warranties or otherwise, from a transformer through which a fund advised by a Related Adviser invests. In any such transactions, the Markel-affiliated counterparty would be acting for its own account, not taking into consideration the interests of the Fund. In general, the Adviser may execute principal and cross transactions so long as such transactions are on terms (including price) that are fair to its clients, are consistent with the investment objectives of each client, and are otherwise in compliance with applicable law and the Adviser's policies and procedures. As a means of ensuring fair pricing for any retrocessional coverage provided by a client of a Related Adviser, such coverage will generally only be written if placed through an independent broker on a panel basis where the portion of risk borne by the Fund does not represent the majority of the placement, or will otherwise be approved by the CAR. See also *Item 8*.

C. Investments in Same Securities.

It is the Adviser's policy that, subject to certain limited exceptions, no officer, director or employee of the Adviser may buy, sell, hold or otherwise transact in, for any account in which such person has a beneficial interest: (i) any security or investment instrument in which the officer, director or employee of the Adviser causes, or potentially may cause, a Fund to trade, or (ii) any security or investment instrument issued by any issuer with which the Adviser does business, or potentially may do business, on behalf of a Fund. In addition, any such personnel must obtain written approval from the Chief Compliance Officer (i) before investing in IPOs or private placements and (ii) before

selling stock of Markel, unless such transactions are effected pursuant to an automatic investment plan or accounts over which the officer, director or employee has no direct or indirect influence or control.

D. Timing of Investments.

See Items 11.B and 11.C. – Material Financial Interest in Transactions and Investments in Same Securities, above.

Item 12 – Brokerage Practices

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

1. Research and Other Soft Dollar Benefits.

As the investment manager to the Funds, the Adviser has the complete authority to determine what securities and investment instruments the Funds should buy or sell and what brokers or dealers the Funds should use, and on what terms. The majority of the investments expected to be made by the Funds are transactions in over-the-counter or other non-exchange traded instruments entered into on a principal-to-principal basis. Such transactions are entered into with counterparties or issuers as principal opposite the Funds, where no “commissions” or transaction-based fees are charged to the Funds other than standard insurance and reinsurance brokerage fees.

The Adviser will transact with brokers and dealers on the basis of best execution and in consideration of such broker’s or dealer’s ability to effect the transactions, the facilities, reliability and financial responsibility of such broker or dealer, special execution capabilities and the provision or payment by such broker or dealer of the costs of research and brokerage services which are of benefit to the Fund, the Adviser or related investment vehicles and accounts. To the extent the Adviser causes a Fund to purchase or sell a security or other investment instrument through a broker on an agency basis, the Adviser is specifically authorized to direct brokerage to firms which furnish or pay for quotation and/or research, research-related services, and other products and services within the “safe harbor” provided by Section 28(e) of the United States Securities Exchange Act of 1934, as amended. As of the date of this Brochure, the Adviser does not contemplate entering into any “soft dollar” arrangements with its brokers.

2. Brokerage for Client Referrals.

In selecting or recommending broker-dealers, the Adviser does not consider as a factor whether or not the Adviser or its related persons will receive Fund or investor referrals from a broker-dealer or third party.

3. Directed Brokerage.

The Adviser does not utilize directed brokerage arrangements.

B. Aggregation of Trades.

The Adviser has the discretion to bunch Fund orders for the same securities or other investment instruments in one order where it is in the best interests of the Funds to do so. The Adviser generally will seek to do so where bunching in the particular instance is practicable, administratively efficient, and would reduce transaction costs. The Adviser will seek to allocate such executed transactions among the participating Funds on a basis that is fair and equitable to all Funds, taking into account any relevant factors, such as account size, or applicable investment objectives, guidelines or

restrictions. The Adviser is under no duty to bunch orders, however, and in many instances, it may not be practicable to do so, given the nature of the investment instruments that the Adviser trades for the Funds. Given the nature of the securities and investment instruments invested in, there is no material difference in costs to the Funds for bunching or not bunching transactions.

Item 13 – Review of Accounts

A. Periodic Review.

The portfolio managers of the Adviser review the performance of the Funds at a minimum monthly. The Adviser then advises the Funds as to the amount of assets that should be allocated to various investment instruments pursuant to each Fund's investment objectives and strategies.

B. Triggered Review.

The portfolio managers of the Adviser engage in more frequent reviews of Funds on an as-needed basis as circumstances warrant, for example, during periods of impending major storm activity or other unusual events.

C. Content and Frequency of Reports.

Except as otherwise specified in the governing documents of the relevant Fund, each shareholder in a Fund will be provided with unaudited monthly statements and annual audited financial statements. The Fund will provide unaudited monthly statements that will include the most recent calculation of each shareholder's sub-series' net asset value. The Company's audited financial statements are prepared annually in accordance with U.S. generally accepted accounting principles for the 12-month period ending December 31st. The Adviser may, but is not required to, provide additional reports regarding the Fund, its performance or its portfolio.

D. Trade Error Policy

The Adviser reserves the right, depending on the circumstances, to decline to reimburse the Funds for any clerical errors or mistakes of the Adviser with respect to the Adviser's placing or executing trades for the Funds ("**Trade Errors**"), as such errors may be considered by the Adviser to be a cost of doing business. However, the Adviser will generally be obligated to reimburse the Funds for any Trade Error resulting from the Adviser's willful negligence, willful default, fraud or dishonesty. The Adviser, subject to its fiduciary obligations, will determine whether or not any Trade Error is required to be reimbursed in accordance with such liability and exculpation provisions. The Adviser has an inherent conflict of interest with respect to the discovery and treatment of Trade Errors. The Adviser's reimbursement of the Funds for any particular Trade Error or Trade Errors will not constitute a waiver of any policy to cause the Funds to bear the losses from such Trade Errors. Any positive Trade Errors will be for the benefit of the Funds and not retained by the Adviser.

Item 14 – Client Referrals and Other Compensation

A. Other Compensation.

The Adviser does not receive any compensation or other economic benefit for providing investment advice or other advisory services to the Funds from persons who are not the Adviser's clients or investors in a Fund.

B. Client Referrals.

As discussed above in *"Item 12 – Brokerage Practices,"* certain broker-dealers or other counterparties may provide the Adviser certain "soft dollar" research or other services as a result of Adviser executing transactions with such persons. At this time, the Adviser does not contemplate entering into any "soft dollar" arrangements. Adviser does not currently engage solicitors or placement agents to market the Funds, but may do so in the future.

Item 15 – Custody

The Adviser generally will be deemed to have custody of client funds and securities pursuant to the SEC's rule under the Advisers Act and in such case, will comply with the applicable custody-related rule and requirements. In particular, the Adviser expects to deliver to its Fund investors audited financial statements of each Fund within 120 days after the end of the Fund's fiscal year, as an alternative to requiring the Fund's qualified custodians to deliver to the Fund's investors' quarterly account statements showing the investments of the Fund, among other requirements. In any event, investors should review carefully the audited financial statements and other reports they receive from the Adviser or the Funds.

Item 16 – Investment Discretion

The Adviser will receive discretionary authority from the Company on behalf of the Fund at the outset of an advisory relationship to select the identity and amount of securities and other investment instruments to be bought or sold, pursuant to the terms of the governing documents of the Fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objective, strategy and guidelines for the particular Fund. When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the Funds it advises. Any material investment guidelines and restrictions will be disclosed to the Fund's investors in the Memorandum or otherwise in writing.

Item 17 – Voting Client Securities

Clients and investors may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. It should be noted that, given the nature of the Adviser's investment activities on behalf of its clients, it is not anticipated the Funds will hold voting securities. Nonetheless, the Adviser has adopted proxy voting policies and procedures as required by SEC rules, which are summarized below.

The Funds generally will give the Adviser the authority to vote proxies; the Funds or investors generally will not be able to direct that the Adviser vote a particular way. As an investment manager, the Adviser's duty to its clients is to maximize the value of the investments it manages, and the Adviser will vote proxies in a manner that it in good faith determines is consistent with this duty.

Each proxy proposal is reviewed on a case-by-case basis by a member of the Adviser's portfolio management team. The relevant portfolio manager has responsibility for reviewing proxy materials and deciding how to vote on each issue or initiative for the securities he or she trades. Any employee who has a direct or indirect pecuniary interest in any issue presented for voting, or any relationship with the issuer must inform the Adviser's Chief Compliance Officer and recuse him or herself from decisions on how proxies with respect to that issuer are voted.

A record of all proxy decisions will be retained by the Adviser and be available for inspection by clients and investors. For information regarding the Adviser's proxy voting record or for a copy of the Adviser's proxy voting policies and procedures, please contact Brent Slade at (441) 293-9040 or Brent.Slade@lodgepine.com.

Item 18 – Financial Information

Not applicable.