



Ibex Investors LLC

3200 Cherry Creek South Drive, Suite 670, Denver, CO 80209

www.ibexinvestors.com

(303) 500-8821

Firm Brochure

(Form ADV, Part 2A)

March 26, 2018

Item 1. Cover Page

This brochure (“Brochure”) provides information about the qualifications and business practices of Ibex Investors LLC (“Ibex”, “we”, or the “Firm”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at (303) 500-8821 or by email at compliance@ibexinvestors.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

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

Registration as an investment adviser does not imply that Ibex or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.



Item 2. Material Changes

This Brochure was prepared for the Firm's annual updating amendment for its fiscal year ending December 31, 2017.

The following is a summary of material changes made to this Brochure since its previous Brochure filing dated September 28, 2017:

- Item 4 has been revised to reflect that the Firm offers, on a limited basis, separately-managed accounts to high-net-worth individuals and institutional clients.
- Item 8 has been revised to include revised descriptions of previously disclosed investment strategies and risks associated with such investment strategies.
- Item 10 has been revised to reflect that the Firm is no longer utilizing the investment strategies of any affiliated investment adviser.
- Items 12, 15 and 17 have been revised to reflect the Firm's updated Regulatory Compliance Manual and Code of Ethics dated January 2018.



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This Brochure may be provided to current or prospective investors (the “Investors”) in the Ibex Funds (as defined below) managed by Ibex, together with the Ibex Fund’s Governing Documents (as defined below) as well as other clients, prior to or in connection with such person’s consideration or consummation of an investment in an Ibex Fund or managed account. This Brochure may also subsequently be provided in Ibex’s discretion, annually, or at the request of an Investor or client. Investors and other recipients should be aware that while the Brochure includes information about the Ibex Funds and strategies, it is not a complete description of the terms, risks or conflicts associated with an investment in any Ibex Fund. More complete information about each Ibex Fund and strategy is included in such Ibex Fund’s Governing Documents, which may be provided to current and eligible prospective Investors only by Ibex or another authorized party.

In no event should this Brochure be considered to be an offer of interests in an Ibex Fund or relied upon in determining to invest. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed to provide information about Ibex for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in each Ibex Fund’s Governing Documents.



Item 4. Advisory Business

Ibex Investors LLC (“Ibex”, “we” or the “Firm”) is a Colorado limited liability company, founded in February 2003. Ibex provides investment management services to privately offered limited partnerships and corporate investment vehicles (collectively, the “Ibex Funds” or individually, an “Ibex Fund”). Certain Ibex Funds were formed as co-investment vehicles to allow certain existing Investors to invest alongside an existing Ibex Fund in a specific portfolio company.

The Firm has the right to form one or more parallel investment funds for certain types of Investors who seek to invest in an existing Ibex Fund. Each parallel fund will generally invest proportionately in all investments and dispose of investments on effectively the same terms and conditions as the applicable Ibex Fund. However, there is no guarantee that Investors in a given Ibex Fund (including any parallel funds) will share in the same investment opportunities available to Investors in other Ibex Funds.

We provide investment advice to the Ibex Funds with respect to their respective investments. The Ibex Funds are managed in accordance with the investment objectives, guidelines and restrictions set forth in each Ibex Fund’s respective offering memorandum, partnership agreement, memorandum and articles of association, or similar agreement, subscription agreement and related governing documents (collectively, for each Ibex Fund, the “Governing Documents”). The Firm’s four primary investment strategies, which are described more fully in Item 8 below, are (i) a microcap public company strategy, (ii) an Israel-focused public and private hybrid strategy, (iii) a behavioral finance strategy, and (iv) a driverless car strategy.

Ibex provides investment advice to the Ibex Funds on a discretionary basis based on each Ibex Funds’ specific investment objective and strategy and does not tailor investment advice to the individual needs of any Investor nor may any Investor impose restrictions on investing in certain securities or types of securities. Ibex provides services to each Ibex Fund in accordance with the Governing Documents of such Ibex Fund and, where applicable, a management agreement by and among Ibex, an affiliated general partner of such Ibex Fund, and the Ibex Fund. Such management agreements may be terminated by Ibex or the applicable Ibex Fund with notice to the other party. The Firm considers the Ibex Funds, and not the Investors in those Ibex Funds, its clients.

The Ibex Funds based in the U.S. are offered on a private placement basis and only to persons who qualify as “accredited investors” under the Securities Act of 1933, as amended (the “Securities Act”), “qualified clients” under the Advisers Act, and with respect to certain Ibex Funds, “qualified purchasers” under the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Ibex Funds based outside of the U.S. are offered on a private placement basis and only to (i) Non-US Persons (as such term is defined in the Securities Act) and (ii) U.S. investors who are “qualified purchasers” and exempt from federal income taxation.

Ibex does not participate in wrap-fee programs.

See Item 7 below for information about the Firm’s authority to enter into “side letters” with certain Investors. Such Investors may receive terms that differ from the terms applicable to other Investors in a given Ibex Fund.



On a limited basis, the Firm also offers separately-managed accounts to high-net-worth individuals and institutional clients (“separate accounts”) who may choose a strategy similar to that of an Ibex Fund or a customized strategy as agreed upon by the Firm and the client that is based on one of the Ibex Funds’ strategies. The Firm works with each separate account client to understand its investment objectives and to establish the elements of its relationship as the client’s investment adviser. This process culminates with the negotiation and preparation of an investment management agreement that outlines the terms of the client-adviser relationship, including, but not limited to, investment strategy, investment limitations and fees.

The sole member and owner of Ibex is Ibex Investment Holdings LLC (“Holdco”). The principal owner of Holdco is JBB Holdings Inc., an entity wholly-owned by Justin B. Borus, who also serves as the Manager and Chief Investment Officer of the Firm.

As of December 31, 2017, the Firm had approximately \$406,090,695 of regulatory assets under management, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

As compensation for our advisory services, the Firm receives an investment management fee based on assets under management (the “Management Fee”) and/or a performance-based incentive allocation, which may be paid and/or allocated to either the Firm or an affiliated entity (the “Performance Allocation”). Such Management Fees and Performance Allocations are charged to the Investors in the Ibex Funds, including any parallel funds and any applicable co-investment funds. The Ibex Funds also bear each of their own operating expenses. As described generally below, and more specifically in each Ibex Fund’s Governing Documents, the fees are as follows:

The Management Fee, which ranges from 0.0% to 2.0% per annum depending on the Ibex Fund, is calculated and collected either monthly in advance or in arrears depending on the Ibex Fund. The Management Fee is based on the net asset value of each Investor’s capital account as of the first day (when paid in advance) or as of last day (when paid in arrears) of each month and is prorated for any partial period. The Management Fee is deducted from each Investor’s capital account in the applicable Ibex Fund and paid to the Firm directly from the Ibex Fund’s brokerage or custody account. Ibex has the right to waive or reduce Management Fees for certain Investors, including employees, family members, strategic partners, advisors, and others as may be determined by Ibex in its sole discretion. Management fees are not refunded in the event of a withdrawal during any month.

The Performance Allocations typically range from 0.0% to 50.0% of the net increase, if any, in the net value of an Investor’s capital account in the applicable Ibex Fund on an annual basis for the preceding year, subject to a loss carry-forward commonly referred to as a “high-water mark.” In certain Ibex Funds, the Performance Allocation is also subject to an annual performance hurdle, below which no Performance Allocation is made. The Performance Allocation is generally earned and allocated at year end, upon a liquidity event, and/or or upon withdrawals by an Investor. These Performance Allocations are allocated to the Firm or an affiliated entity through a re-allocation from the capital accounts of Investors in the applicable Ibex Funds to the capital account of the Firm or the affiliated entity, as applicable. The Firm or the affiliated entity, as applicable, have the right to waive or reduce its Performance Allocation with respect to any Investor.



Other fees and expenses that the Ibex Funds may pay directly, or reimburse the Firm or its affiliated entity for, include, without limitation: organizational expenses; investment expenses related to the purchase, sale, trade, custody, or transfer of the Ibex Fund's assets, including brokerage costs and commissions, clearing and settlement charges, custodial fees, investment advisory fees, markups and markdowns, transfers, capital and other taxes, duties and costs and interest expense; expenses related to consultants, brokers, or other professionals or advisors who provide research, advice, or due diligence services (including fees for research and investment reports, studies and analyses); research-related costs and expenses (including fees for news, market data, data feeds, software, and databases (including costs of computer terminals and other equipment used primarily for research) related maintenance or other technology fees, quotation and similar information, execution and pricing services); due diligence expenses including travel and travel-related expenses related to investment selection and monitoring (including travel to professional conferences in connection with potential investments); the Ibex Fund's proportionate share of the fees and costs assessed by other investment vehicles or accounts in or through which the Ibex Fund invests assets; expenses for professional services such as accounting, asset valuation, audit, and third party administration fees, legal expenses (including, without limitation, the costs of on-going legal advice (including costs related to in-house legal counsel as such internal counsel performs services that would be paid by the Ibex Fund if outside counsel provided the same service) and services, blue sky filings and all costs and expenses related to or incurred in connection with the Firm's compliance obligations under applicable federal and/or state securities laws directly arising out of its relationship to the Ibex Fund as well as extraordinary legal expenses) and other professional services; all expenses for preparation of the Ibex Fund's financial statements, tax returns and filings including Schedule K-1s, tax preparation, and any applicable tax liabilities (including transfer taxes and withholding taxes); other governmental charges or fees payable by the Ibex Fund; director and officer and/or errors and omissions liability insurance premiums or fiduciary liability insurance premiums for directors, officers, and personnel of an affiliated general partner and the Firm; expenses of Investor communications, including, but not limited to, preparing and distributing any statements, reports, and notices to the Investors; expenses incurred in connection with transactions not consummated and all other reasonable expenses related to the management and operation of the Ibex Fund or the purchase, sale, or transmittal of Ibex Fund assets; all costs and expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of the Ibex Fund's business; indemnifications, costs of litigation and other extraordinary expenses; fees incurred in connection with the maintenance of bank or custodian accounts; and expenses associated with the termination, dissolution, and winding up of the Ibex Fund.

See the applicable Ibex Fund's Governing Documents for additional detail on fees and expenses, and see Item 12 below for more information on certain fees charged by broker-dealers and the Firm's use of soft dollars.

The expenses listed above that are directly attributable to a specific Ibex Fund will be borne by such Ibex Fund. All other expenses listed above will be allocated amongst the Ibex Funds in proportion to their respective net asset values, based on the amount invested in a position, or in such other manner as determined by the Firm. The Firm has the discretion to allocate such expenses using various methodologies that may vary from time to time, including, but not limited to, relative net asset values, position size, usage methodologies, among others. Choosing an expense allocation methodology involves conflicts of interest based on account sizes, impact on performance, the amount of investments by the Firm or its affiliates in the relative Ibex Funds and differing fee



amounts. Expenses borne by one Ibex Fund may disproportionately benefit another Ibex Fund to the extent position sizes differ.

See Item 7 for additional information about the Firm's authority to enter into "side letters" with certain Investors that may result in such Investors being charged reduced fees or expenses when compared to other Investors.

The Firm may allocate a portion of an Ibex Fund's assets to unaffiliated money market funds, exchange-traded funds or similar products that bear certain fees and expenses including those payable to their investment managers and service providers. To the extent we make such allocations, the applicable account will indirectly bear these fees and expenses in addition to the other fees and expenses described herein.

The Firm may pay or advance to one or more Ibex Funds amounts necessary to pay for the Ibex Fund's organizational expenses and expenses incurred in connection with the initial offering and sale of the interests and other similar expenses related to an Ibex Fund. The Firm is entitled to reimbursement from the applicable Ibex Funds for all such amounts.

All fees and expenses are accrued or paid when incurred and therefore there are no substantial prepaid expenses. Neither the Firm nor its employees receive any compensation for the purchase or sale of any securities which could create a conflict of interest with the investors of the Ibex Funds.

As compensation for the Firm's advisory services, each separate account client may pay an investment management fee based on assets under management, a performance-based incentive fee, or both. Performance fees are established in compliance with Rule 205-3 under the Advisers Act. See Item 6 below for a further discussion of such fees. Management fees and performance fees for separate accounts are negotiable and may be subject to a performance hurdle and/or high-water mark treatment. In addition to the management fee and performance fee, separate accounts bear trading costs and custodial fees associated with their accounts. These expenses may include ticket charges, commissions, execution and clearing fees and costs, financing costs on the use of capital and any and all other similar transaction-related expenses. See Item 12 for a discussion of the Firm's brokerage practices.

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

As discussed in Item 5, the Firm or an affiliated entity is entitled to receive performance-based fees or allocations (collectively, the "Performance Compensation") from the Ibex Funds or separate account clients. Conflicts of interest may arise from the payment of the Performance Compensation. The existence of the Performance Compensation may motivate the Firm to make investments that are riskier or more speculative than it would if it was not eligible to receive the Performance Compensation. See Item 10 for additional information about the conflict of interest that this compensation structure creates for the Firm's investment personnel. This conflict is heightened when the Performance Compensation is payable or allocable only upon exceeding a high-water mark or performance hurdle and the value of an Investor's investment in an Ibex Fund is below such high-water mark or performance hurdle. Furthermore, because the Performance Compensation is calculated differently for different Ibex Funds or separate accounts and each Ibex Fund and separate account has different returns, the Firm may be incentivized to place its best



investments into those Ibex Funds or separate accounts where the largest Performance Compensation may be taken. The allocation of expenses also may result in similar conflicts.

The Firm has implemented procedures intended to address conflicts relating to the management of multiple Ibex Funds and separate accounts, including Ibex Funds and separate accounts with differing fee arrangements, and the allocation of investment opportunities. The Firm reviews investment decisions for the purpose of ensuring that all Ibex Funds and separate accounts with substantially similar investment objectives are treated equitably. The performance of the Ibex Funds and separate accounts are regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Firm's procedure relating to the allocation of investment opportunities require that similarly managed Ibex Funds and separate accounts participate in investment opportunities in a fair and equitable manner. For a description of how the Firm allocates investments amongst the Ibex Funds and separate accounts, see Item 12.

Item 7. Type of Clients

The client accounts of the Firm are the Ibex Funds and separately managed accounts. The Firm may in the future provide the same or similar services to other privately placed investment funds and/or separately managed accounts. Separately-managed accounts are offered on a limited basis to high-net-worth individuals and institutions and the minimum account size for a separately-managed account is negotiable.

Investors in the Ibex Funds include high net-worth individuals, family offices and institutional investors (e.g., charitable organizations, foundations, etc.). In order to be eligible to invest in a U.S.-based Ibex Fund, an Investor must be (1) an "accredited investor" within the meaning of Regulation D under the Securities Act, and (2) a "qualified client" within the meaning of the Advisers Act or a "qualified purchaser" within the meaning of the Investment Company Act. In order to invest in an Ibex Fund based outside of the U.S., an Investor must be (1) a Non-U.S. Person (as defined in the Securities Act) or (2) a U.S. investor that is a "qualified purchaser" and exempt from federal income taxation. Each Investor is required to represent that their investment in the Ibex Fund is being acquired for its own account, for investment, and not with a view to resale or distribution.

Investments in the Ibex Funds are suitable only for sophisticated Investors for whom an investment in the Ibex Fund does not constitute a complete investment program and who fully understand, are willing to assume, and who have the financial resources necessary to withstand the risks involved in the Ibex Fund's specialized investment program and to bear the potential loss of their entire investment in those investments. The Ibex Funds have minimum initial investment requirements ranging from \$250,000 to \$1,000,000, and \$50,000 for additional investments, as set forth in the applicable Governing Document. These minimum initial investment thresholds can be waived at the Firm's discretion.

The Firm on behalf of the Ibex Funds may enter into separate agreements, commonly referred to as "side letters," or other similar agreements with a particular Investor in connection with its admission to an Ibex Fund without the approval of any other Investor (other than an Investor whose share rights would be materially and adversely changed by such separate agreement), which would have the effect of waiving, altering, or otherwise modifying the terms of the applicable Ibex Fund's Governing Document to the benefit of such Investor. Other Investors in the applicable Ibex Fund will not be entitled to receive the terms of such side letter. Such rights or terms in any such side letter may include, without limitation: (i) more frequent reporting obligations, (ii) reduced fees, (iii)



minimum investment amounts, (iv) most favored nation provisions, and (v) preferred access to co-investment opportunities.

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

Methods of Analysis and Investment Strategies

The Firm's investment objective for its clients is to maximize long-term capital appreciation while minimizing the inherent risk within the investment portfolios through a variety of methods and strategies. The Firm uses fundamental, technical, and cyclical analysis, modeling, algorithms and other analytic tools to evaluate prospective investments and locate opportunities that meet the particular client's investment goals and investment strategy chosen. In this regard, we use standard news periodicals, annual reports, press statements, filings with the SEC, and research provided by outside sources to evaluate current and prospective positions. We also communicate with research analysts of brokerage and advisory firms, attend presentations given to securities analysts, review industry publications, attend industry specific conferences, and if appropriate, interview customers, suppliers and competitors of a particular company. We may also inspect the corporate activities of a particular company including touring the company's facilities and meeting with management to decide if investment fits the particular strategy. The Firm's investment strategies are described in more detail below. Each investment strategy may be employed by one or more Ibex Funds or managed accounts.

Microcap Strategy. The Firm's microcap strategy: (i) focuses on ultra-small microcap companies with market capitalizations of \$250 million or less; (ii) seeks to benefit from pricing inefficiencies in the market caused by lack of information and limited research coverage or institutional ownership; (iii) attempts to capitalize on investment opportunities that are available to small investment funds in the less liquid parts of the market because larger funds do not make meaningful investments in such areas; and (iv) focuses on identifying attractive companies at appealing valuations. The strategy makes investments through open market purchases of public companies and may participate in private placements, initial public offerings, and make investments in private companies at the Firm's discretion. Primarily, the strategy seeks to invest in companies that have stock prices that the Firm believes fail to reflect the value inherent in the companies. Investments are primarily focused in U.S. companies traded over the counter or on exchanges located in the U.S. but may also include foreign companies traded on foreign exchanges. Under the strategy, the Firm takes primarily long positions in companies. Investment instruments primarily include equity securities, warrants, options, convertible securities and debt securities.

Israel Strategy. The Firm's Israel strategy focuses on investing in both publicly-held and privately-held companies with a past, current or anticipated future presence and/or interest in Israel, regardless of company domicile, headquarters or primary place of business. The Israel strategy makes investments through open market purchases of public companies and private placements. The Israel strategy invests in public and private Israeli companies both that are at an early stage of development and also those that are larger and more mature public companies. There is no predetermined allocation between public company and private company investments or between large capitalization and small capitalization companies, although the strategy emphasizes investing in small capitalization stocks based on the Firm's historical experience in the microcap strategy. The Israel strategy focuses primarily on Israel-based companies, although these may be traded over the counter or on exchanges located in the U.S., Israel, the United Kingdom, Germany, Switzerland, Canada and other



countries. Under the strategy, the Firm takes primarily long positions in companies. Investment instruments primarily include equity securities, warrants, options, convertible securities and debt securities.

Behavioral Finance Strategy. The Firm's behavioral finance strategy applies data-driven, rules-based techniques to measure and attempt to profit from emotions of the market. The investment strategy targets high-return opportunities by: (i) aggressively capturing the volatility risk premium in a variety of asset classes and (ii) buying a diversified basket of stocks for a short or medium-term holding period. Investment instruments may consist of exchange-traded funds ("ETFs"), exchange-traded notes ("ETNs"), equities, futures, options, fixed-income securities, swaps, derivatives, synthetic instruments, and cash/cash-equivalent positions. The investment strategy includes the use of certain investment techniques to attempt to enhance returns and manage risk, including short selling and using margin debt. At any given time, the majority of the strategy's exposure may be to equity volatility-related instruments and concentrated in a limited number of securities. However, the Firm believes that the strategy applies to other instruments in different markets and asset classes and may shift focus to other types of securities based on the relative attractiveness of opportunities at any given time.

Driverless Car Strategy. The Firm's driverless car strategy focuses on investment opportunities created by the proliferation of autonomous, connected and electrically powered vehicles. Potential long investments within the strategy include investments in artificial intelligence enabling hardware and software, sensor technology, cyber security, logistics related to technology, fleet management electrical systems, safety systems, communication infrastructure, communication platforms, data monetization and basic materials. The strategy will also take short positions in securities in companies in industries likely to be negatively impacted by autonomous, connected and electric vehicles. The strategy invests across industries and geographies with a focus primarily on publicly-traded equities although the investments may be made in other asset classes, including options, futures, forwards, debt, convertible debt, warrants and physical assets when those asset classes offer a better risk/reward opportunity.

The Firm is not limited by the above discussion of the investment strategies and has wide latitude to invest or trade assets, to pursue any particular strategy, or to change the emphasis without obtaining the approval of underlying Ibex Fund Investor to the extent consistent with the particular Ibex Fund's Governing Documents. Other than as set forth above, the Firm's investment strategies impose no significant limits on the types of instruments in which the Firm may take positions, the types of positions it may take or the concentration of investments or non-diversification. The foregoing description is general and is not intended to be exhaustive, and there are limitations on all descriptions of investment process due to the complexity, confidentiality and subjectivity of the process.

This description is intended to be a brief description of the principal strategies utilized by the Firm and is not a full description of each strategy. Each strategy is more fully described in the applicable Ibex Fund's Governing Documents.



Risk of Loss

Investment in securities involve significant risk of loss that clients and Investors should be prepared to bear, including the risks discussed below. These risks are generally applicable to the investment strategies of the Ibex Funds (although certain risks described below may not be applicable to every strategy). Investors should consider their investment goals, time horizon and risk tolerance before investing in the types of securities that Ibex invests in on behalf of clients, or before investing in an Ibex Fund. Ibex does not guarantee that any client account will meet a particular level of performance or perform comparably with any standard or benchmark including other Ibex client accounts. Past performance of any Ibex Fund or investment strategy is not indicative of future performance. Investments in the Ibex Funds or strategies do not represent a complete investment program and are intended for long-term investors who hold for substantial periods of time. Investors have lost money investing in the types of securities that Ibex buys and sells and clients could lose money in such investments in the future. Set forth below is a general description of material risks for accounts for which Ibex provides investment advisory services. Depending on the specific investment strategy of the account, the following risk factors may or may not be material to that strategy. For the avoidance of doubt, the risks below also apply to any managed account investing in any of the investment strategies of the Ibex Funds. **Investors are urged to review the particular Ibex Fund's Governing Documents for further information related to the specific risks of an investment in a particular strategy.**

Risks Associated with the Firm's Strategies Generally

Investment and Trading Risks. Ibex invests in and trades securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of financial markets. The performance of any investment may depend on a number of factors, including conditions in regional and local economies, conditions in the securities markets generally, performance of companies in particular industries or regions and political and technological developments. An investment in any strategy risks the complete loss of capital. No guarantee or representation is made that any investment program will be successful, that any strategy will achieve targeted returns or that there will be any return of capital invested. Investment results may vary substantially over time. Ibex's methods of attempting to minimize such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

General Economic and Market Conditions. A strategy's performance may be affected by general economic and market conditions and factors that impact the portfolio's investments, such as interest or currency rates, availability of credit, inflation rates, real or perceived adverse economic conditions economic uncertainty, changes in laws, and national, and international political developments. The value of securities convertible into equity securities, such as warrants or convertible debt, is also affected by prevailing interest rates, the credit quality of the issuer and any call provision. These factors may affect the level and volatility of securities prices and the liquidity of the investments. These fluctuations may be temporary or may last for extended periods. Unexpected volatility or illiquidity could impair the portfolio's profitability or result in losses.



Equity Markets and Stock Price Volatility. U.S. and foreign equities markets have experienced tumultuous times in the past which resulted in highly volatile market prices for listed securities. Certain factors may have a significant impact on the market price of securities owned by clients, and, consequently, may adversely affect a client's portfolio, such as general economic data, interest and currency rate fluctuations, announcements of technological innovations, developments in patent or other proprietary rights, public concern or perception of issues relating to the safety of products developed by a company, announcements of collaborative partners, issues relating to government regulation, loss or gain of key employees in research and/or operations, fluctuations in companies' operating results, future sales of common stock, analysts' comments, including changes in recommendations, and general market conditions. Ibex invests in securities which may be more volatile and carry more risk than some other forms of investment. Security prices in general may decline over short or even extended periods of time and such declines may be significant.

Illiquid or Impaired Positions. Illiquid securities held by a portfolio will not have a readily ascertainable market price and will be valued by the Firm based upon its internal pricing policies. In this regard, the Firm may establish a value that is higher than the inherent value of the security that is realized upon the ultimate liquidation of the investment. The Firm has the discretion to adjust the value as a result of any subsequent financing event or other transaction establishing a different value for the security or as otherwise set forth in its internal valuation policies. There can be no assurance that the value the Firm establishes for an illiquid security will accurately reflect the true market value of the security.

Asset Valuations. In valuing its investments, the Firm will be dependent upon financial information provided by third parties. Such financial information could be incorrect, delayed or subject to significant adjustments, any of which events could adversely affect the valuation of a portfolio's investments and the ultimate prices realized upon the sale of the securities. In addition, for illiquid securities, the Firm may rely upon internal valuation policies and there can be no assurance that such determinations will accurately reflect the true market value of the illiquid security.

Short-Selling. Short-selling may constitute a material component of a strategy. Short sales can, in some circumstances, substantially increase the impact of adverse price movements on the portfolio. A short sale is a sale of a security that the portfolio does not own, in hopes of a decline in the security's price. To deliver the security to the buyer and complete the sale, the portfolio must borrow the security. To return the security, the portfolio must buy it at the market price at the time of repayment. That price may be less than the price at which the portfolio made its short sale, in which case the portfolio would have made a profit, or it may be more, in which case the portfolio would have suffered a loss. Short sales create the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit.

Additionally, as it relates to short sales, the Securities and Exchange Commission has adopted rules placing certain restrictions on short selling when a stock is experiencing significant downward price pressure. Rule 201 of Regulation SHO imposes restrictions on short selling when a stock has triggered a circuit breaker by experiencing a price decline of at least 10% in one day. At such point, short selling would be permitted only if the price of the security is above the current national best bid. Once triggered, the rule applies to short sale orders for the remainder of the day as well as the following day. If short sales and leverage are material components of the trading strategy, there may occur times when the portfolio may be restricted in the amount of leverage it can employ related to certain parts of the strategy, therefore limiting the strategy's effectiveness. Such restrictions may



occur during periods when the portfolio is already suffering losses, therefore materially impacting a key component of the strategy designed to mitigate losses.

Margin. The Firm, in its sole discretion, may leverage a portfolio's investment positions by borrowing funds from broker dealers or banks. Any use of margin would increase the magnitude of both profits and losses. Margin borrowings are usually from securities brokers and dealers and typically are secured by the borrower's securities and other assets. Under certain circumstances, such a lender may demand an increase in the collateral that secures the borrower's obligations, and if the borrower were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the borrower's obligation. If the portfolio were to become subject to liquidation in that manner, it could suffer extremely adverse consequences and could lose more money than originally invested. In addition, the amount of the portfolio's borrowings, if any, and the interest rates on those borrowings, which would fluctuate, could have a significant effect on the portfolio's profitability.

Options. Purchasing put and call options, as well as writing such options, are highly specialized activities and entail greater than ordinary investment risks. Although an option buyer's risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than is an investment in the underlying securities. In theory, an uncovered callwriter's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying securities may fall below the exercise price. The ability to trade in or exercise options may be restricted in the event that trading in the underlying securities interest becomes restricted. Options also generally are subject to additional risks including, but not limited to, the risk of non-performance of the counterparty on the trade.

Institutional Risk. There is the possibility that the institutions, including brokerage firms and banks, with which the Firm does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair the operational capabilities of the Firm. The Firm intends to limit its transactions with such institutions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks.

Cybersecurity Risk. As the use of the Internet and other technologies has become more prevalent in the course of business, the Firm has become more susceptible to operational and financial risks associated with cyberattacks. Cybersecurity incidents can result from deliberate attacks, such as gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption, or from unintentional events, such as the inadvertent release of confidential information. Cybersecurity failures or breaches of the Firm, or its service providers or the issuers of securities in which the Firm and clients invest, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. While measures have been developed that are designed to reduce the risks associated with cyberattacks, there is no guarantee that those measures will be effective, particularly since the Firm does not directly control the cyber security defenses or plans of its service providers, financial intermediaries and companies in which they invest or with which they do business.



Additional Risks Associated with Microcap Strategy, Israel Strategy and Driverless Car Strategy

Instability in the Microcap Sector. Investment in microcap companies can involve significantly more risk than investments in mid and large-capitalization companies. Microcap companies have more limited markets or product lines, more limited financial resources, less access to capital markets, and often very limited trading volumes in their securities. This can cause the prices of these equity securities to be more volatile than those of larger companies, or to decline more significantly than the market as a whole during market downturns. To the extent these companies are more recently established, they will have more limited operating histories to evaluate.

Illiquid Securities. Investment in unregistered securities of publicly held companies and securities of private companies are illiquid, difficult to value and subject to the Firm's best judgment of fair value. Such investments may require a significant amount of time from the date of initial investment until disposition. Sales of illiquid securities may not be possible and, if possible, may be made at substantial discounts from costs. Some portfolio companies may have the need for additional capital to support expansion or to achieve or maintain a competitive position, and there is no assurance that such capital will be available.

Country Risk for Israel Strategy: The Israel strategy and those portfolio companies may be materially adversely affected by political, military and economic conditions in the Middle East and in Israel. Specifically, the strategy and their portfolio companies could be materially adversely affected by the following circumstances, among others: major hostilities involving Israel; a full or partial mobilization of the reserve forces of the Israeli army; the interruption or curtailment of trade between Israel and its present trading partners; a significant downturn in the economic or financial condition in Israel; a significant increase in inflation; labor disputes and strike actions; and political instability. The Israel strategy will also be exposed to certain financial risks inherent to investing in Israel. The securities markets in Israel are substantially smaller, less sophisticated, less liquid and more volatile than those in the United States. Financial statements of some of the portfolio companies may be prepared in accordance with Israeli generally accepted accounting principles or international financial reporting standards, which differ in certain important respects from U.S. generally accepted accounting principles. The strategy may also be susceptible to regulatory changes applicable to Israeli markets that could potentially inhibit the Firm's ability to invest in public or private Israeli companies. Financial statements of some of the portfolio companies may be prepared in accordance with Israeli generally accepted accounting principles or international financial reporting standards, which differ in certain important respects from U.S. generally accepted accounting principles. The strategy may also be susceptible to regulatory changes applicable to Israeli markets that could potentially inhibit the Firm's ability to invest in public or private Israeli companies.

Speculative Nature of Certain Investments. Certain potential investments may be regarded as speculative in nature and involve increased levels of investment risk. Since an inherent part of certain of the Firm's strategies is identifying securities that are undervalued by the marketplace, the success of those strategies depends upon the market eventually recognizing such value in the price of the security, which may not necessarily occur. Equity positions may involve highly speculative securities.



Non-U.S. Exposure. Client accounts will have exposure to non-U.S. markets as a result of investments in non-U.S. debt and equity securities, including investments in emerging markets. Investments in non-U.S. markets may be more volatile than in U.S. markets. As a result, a client account's returns and net asset value may be affected to a large degree by fluctuations in currency exchange rates or political or economic conditions in a particular country. In some non-U.S. markets, there may not be protection against failure by other parties to complete transactions. It may not be possible for the Firm to repatriate capital, dividends, interest, and other income from a particular country or governmental entity. In addition, a market swing in one or more countries or regions where the account has invested a significant amount of its assets may have a greater effect on the portfolio's performance than it would in a more geographically diversified portfolio. To the extent the Firm invests in non-U.S. debt securities, such investments are sensitive to changes in interest rates. Additionally, investments in securities of non-U.S. governments involve the risk that the government may not be willing or able to pay interest or repay principal when due. The portfolio's exposure to emerging market countries may involve risks greater than, or in addition to, the risks of investing in more developed countries.

Additional Risks Associated with Behavioral Finance Strategy

Investment Selection. Ibex has complete discretion to invest and trade any account's assets, based on its own analysis and judgment. In making its decisions, the Firm may rely on information and data provided and prepared by third parties. Although Ibex intends to evaluate the accuracy and importance of such information and data, it will not always be in a position to confirm the completeness, genuineness, or accuracy of such information and data. Further, although Ibex believes the analytical and investment selection techniques of its investment methodology are sound, there can be no assurances that its investment and trading decisions will be profitable over any particular period or at all.

Exchange-Traded Note Risk. An ETN, from a fundamental standpoint, is a long-term unsecured bond issued by a financial institution. Most ETNs are not designed to be held for long periods of time and, more often than not, will lead to the loss of some or all of the holder's initial investment if held until maturity. However, when held for short periods of time, it is possible, but not guaranteed, to trade ETNs profitably. The value of an ETN may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in the underlying market, changes in the applicable interest rates, and changes in the issuer's credit rating and economic, legal, political or geographic events that affect the referenced market. Unlike ETFs, an ETN issuer does not own the underlying assets that the ETN is intended to track; an ETN owner can only look to the issuer of the ETN for repayment of the associated debt. It is expected that the issuer's credit rating will be investment-grade at the time of investment, however, the credit rating may be revised or withdrawn at any time and there is no assurance that a credit rating will remain in effect for any given time period. If a rating agency lowers the issuer's credit rating, or there is a decline in the perceived creditworthiness of the issuer, the value of the ETN will decline as a lower credit rating reflects a greater risk that the issuer will default on its obligation to ETN investors. The client account must pay an investor fee when investing in an ETN, which will reduce the amount of return on investment at maturity or upon redemption. There may be restrictions on the right to redeem an investment in an ETN, and there may be limited opportunities for the Firm to sell its ETN holdings on the secondary markets. There are no periodic interest payments for ETNs, and principal typically is not protected. As is the case with other ETFs, an investor could lose some of or the entire amount invested in ETNs.

Additionally, the market price of an ETN (i.e., the price at which the ETN can be bought and sold from existing ETN holders on the secondary markets) may be significantly affected by the issuer's decision to continue to issue, or to not issue, the ETN to new investors. The issuers of most ETNs can suspend or limit the issuance of an ETN to new investors at any time for any reason, thereby leaving the secondary markets as the sole source for investors to acquire such ETNs from existing ETN holders. In the event the issuer elects to suspend the issuance of such ETNs to new investors, the market price of the ETN on the secondary markets may materially increase due to the issuer-imposed constraint on the supply of such ETN. In the event the ETN issuer subsequently resumes issuing additional ETNs to new investors, which it typically may do in its sole discretion at any time, the market price of such ETN on the secondary markets may decrease substantially due to the increased supply of such ETN. There is no guarantee that the issuer of an ETN held by the Firm will continue to issue such ETN to new investors in the future, the occurrence of which could adversely affect the performance of the strategy. Further, in the event that the issuer of an ETN that the Firm holds elects to resume issuing such ETN to new investors after having suspended such issuances, the market price of the Firm's holdings could materially decrease in a significantly short period of time. All investments in ETNs are subject to the risk of loss of most or all of an investor's investment.

Instrument Risks. The strategy invests in futures, options and Exchange-Traded Products ("ETPs"), that are meant to provide exposure to volatility, specifically the VIX Index® ("VIX") and the VSTOXX Index® ("VSTOXX"). The VIX is a measure of forward volatility of the S&P 500® and the VSTOXX is a measure of forward volatility of the EURO STOXX 50® as calculated based on the prices of certain put and call options on the S&P 500® and EURO STOXX 50® respectively. The futures, options and ETPs used are not linked to the options used to calculate the VIX or the VSTOXX, to the actual volatility of the S&P 500® or the EURO STOXX 50®, or the equity securities included in the S&P 500® or the EURO STOXX 50®. The actual volatility of the S&P 500® or the EURO STOXX 50® may not conform to a level predicted by the VIX or the VSTOXX or to the prices of the put and call options included in the calculation of the VIX or VSTOXX. Similarly, the actual volatility of the S&P 500® or EURO STOXX 50® may not conform to the value of the futures, options or ETPs, the latter which is based on the value of the relevant futures on the VIX or VSTOXX included in the underlying index in which the strategy may be invested. Should any of these instruments cease to function as they historically have, there could be an adverse effect on the strategy.

Volatility Risks. The VIX Index measures the 30-day forward volatility of the S&P 500® Index as calculated based on the prices of certain put and call options on the S&P 500® Index. The VSTOXX Index measures the 30-day forward volatility of the EURO STOXX 50® Index as calculated based on the prices of certain put and call options on the EURO STOXX 50® Index. The level of the S&P 500® Index or EURO STOXX 50® Index, the prices of options on the S&P 500® Index or EURO STOXX 50® Index, and the level of the VIX or VSTOXX may change unpredictably, affecting the value of futures, options, and ETPs on the VIX and VSTOXX in unforeseeable ways. In the past, the level of the VIX Index and VSTOXX Index has typically reverted over the longer term to a historical mean, and its absolute level has been constrained within a band. Should this not occur, or the period over which this reversion occurs is longer than typically observed, the strategy may be affected in adverse ways.

Reliance on Data. The investment strategy is highly reliant on the gathering, cleaning, culling and analyzing of large amounts of data from third-party and other external sources. It is not possible or



practicable, however, to factor all relevant, available data into forecasts and/or trading decisions. The Firm will use its discretion to determine what data to gather with respect to any investment strategy and what subset of that data the Firm's models take into account to produce forecasts which may have an impact on ultimate trading decisions. In addition, due to the fact that much of this data comes from third-party sources, it is inevitable that not all desired and/or relevant data will be available to, or processed by, the Firm at all times. In such cases, the Firm may and often will continue to generate forecasts and make trading decisions based on the data available to it. Additionally, the Firm may determine that certain available data, while potentially useful in generating forecasts and/or making investment and trading decisions, is not cost effective to gather due to either the technology costs or third-party vendor costs and, in such cases, the Firm will not utilize such data.

Prospective Investors should be aware that, for all of the foregoing reasons and more, there is no guarantee that any specific data or type of data will be utilized in generating forecasts or making trading decisions on behalf of the strategy, nor is there any guarantee that the data actually utilized in generating forecasts or making trading decisions on behalf of any client will be (i) the most accurate data available or (ii) free of errors. Investors should assume that the foregoing limitations and risks associated with gathering, cleaning, culling and analysis of large amounts of data from third-party and other external sources are an inherent part of investing with a process-driven, systematic investment strategy.

Strategy Indicators. When taking investment positions, the strategy relies on a set of strategy indicators based on behavioral finance principles. Securities identified using this type of strategy may perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each indicator, and changes in the indicator's historical trends. The factors used in implementing this strategy and the weight placed on those factors may not be predictive of a security's value, and the effectiveness of the factors can change over time.

Quantitative Strategies and Trading. Quantitative models cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact their performance. Further, as market dynamics shift over time, a previously highly successful model may become outdated – perhaps without the Firm recognizing that fact before substantial losses are incurred. Even without becoming a completely outdated model, a given model's effectiveness may decay for any number of reasons including, but not limited to, an increase in the amount of assets managed, the sharing of such model with other clients or affiliates, the use of similar models by other market participants and/or market dynamic shifts over time. There can be no assurances that the strategies pursued will be profitable, and various market conditions may be materially less favorable to certain strategies than others. Because models can underperform the markets over any given time period, an Investor who withdraws from an Ibex Fund because of needs for liquidity or otherwise may therefore be faced with the investment having been in the Ibex Fund during a period during which the models under perform. In addition, there is always the possibility that the Firm makes investment decisions based upon faulty information resulting from such errors as model programming, importing of data or interpretation of model results.

Concentration. The strategy may invest in a limited number of securities. As a result, the strategy may be non-diversified. Losses could be made materially worse by the unfavorable performance of even one investment and the value of the portfolio may be more sensitive to any single economic,



business, political or regulatory occurrence. The risk of loss is greater than that which would exist in a more diversified portfolio.

Liquidity Risks. In certain circumstances, it may be difficult for the Firm to purchase and sell particular portfolio investments due to infrequent trading in such investments. The prices of such securities may experience significant volatility, make it more difficult for the Firm to transact significant amounts of such securities without an unfavorable impact on prevailing market prices, or make it difficult for the Firm to dispose of such securities at a fair price at the time the Firm believes it is desirable to do so. In addition, the investments in ETNs and certain other ETPs may be subject to restrictions on the amount and timing of any redemptions. The Firm's investments in such securities may restrict its ability to take advantage of other market opportunities and adversely affect the value of a portfolio. The Firm's investments in certain ETPs also may be subject to trading halts caused by extraordinary market volatility pursuant to "circuit breaker" rules. The Firm may experience losses if required to liquidate holdings with limited liquidity.

Arbitrage Strategies. Even pure arbitrage positions can result in significant losses if both sides of the position are not maintained until expiration. The strategy utilizes high degrees of leverage and therefore could be forced to liquidate positions prematurely in order to meet margin or collateral calls.

Exchange-Traded Product Risks. Certain ETPs in which the strategy may invest are pooled investment vehicles that are not registered pursuant to the Investment Company Act and, therefore, are not subject to the regulatory scheme of the Investment Company Act including the investor protections afforded by the Investment Company Act. Under normal market conditions, the Firm will purchase shares of or interest in ETPs in the secondary market. ETPs may trade below their net asset value or at a discount, which may adversely affect the portfolio's performance. When the account invests in an ETP (except an ETN), in addition to directly bearing the expenses associated with its own operations, it also will bear a pro rata portion of the ETP's expenses (including operating costs and management fees). Because ETNs are debt securities and not pools of securities, the portfolio pays a specific investor fee for its investments in ETNs.

Risks Related to ETFs in General. The strategy may invest and trade in ETFs, which are baskets of securities that track recognized indexes and trade on an exchange like a stock. An investment in ETFs comprised of publicly traded securities is subject to the risks that impact the underlying securities. Similarly, an investment in ETFs that track other asset categories is subject to the risks that impact the prices of such categories. In addition, investment techniques such as short selling and margin debt may be used with ETFs, which would expose the strategy to the risks associated with those investment techniques. In addition, certain of the ETFs may hold common portfolio positions, thereby reducing any diversification benefits.

Item 9. Disciplinary Information

In September 2014, the Firm entered into a negotiated settlement with the SEC relating to alleged violations (i.e., late filings) of Sections 13(d) and 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rules 13d-1, 13d-2 and 16a-3 promulgated thereunder. The Firm agreed to the terms of the settlement, without admitting or denying any wrongdoing, and paid a civil money penalty in the amount of \$60,000. The SEC's Order notes that, in determining to accept the offer, the SEC considered certain remedial acts undertaken by the Firm and cooperation



afforded to SEC staff. The Firm has since put in place further policies and procedures to protect against future inadvertent Section 13 and Section 16 violations.

Item 10. Other Financial Industry Activities and Affiliations

In May 2016, Holdco, the parent company of the Firm, acquired an approximate 45% ownership interest in AthenaInvest, Inc., the parent company of AthenaInvest Advisors LLC, an SEC-registered investment adviser. Two of the Firm's principals and management persons, Justin B. Borus and Brian T. Abrams, serve on the board of directors of AthenaInvest, Inc., which consists of a total of five directors.

The U.S.-based Ibex Funds are formed as limited partnerships and as such require a general partner. Depending on the Ibex Fund, either the Firm or Ibex GP LLC, a Colorado limited liability company and affiliate of the Firm, serves as general partner. The principals of Ibex are also the principals of Ibex GP LLC. As discussed in Item 5 and 6, this relationship and the Performance Compensation to which the Firm or the affiliated general partner is entitled to receive, creates an incentive for Ibex to make investments that are riskier or more speculative than would be the case in the absence of performance-based compensation. Such conflict of interest is addressed as set forth in Items 5 and 6 above.

Item 11. Code of Ethics, Participation or Interests in Client Transaction and Personal Trading

The Firm and its employees are permitted to buy or sell securities for their own accounts that the Firm also purchases or sells for clients, consistent with the Firm's policies and procedures. Additionally, the Firm and certain of its employees have a financial interest in the Ibex Funds through a performance-based fee allocation and/or direct investment. To address potential conflicts of interest, the Firm has adopted a Code of Ethics (the "Code") that obligates the Firm and its employees to put the interests of the Firm's clients before its own interest and to act honestly and fairly in all respects in its dealings with clients. All employees are also required to comply with applicable federal securities laws. Clients, prospective clients and Investors may obtain a copy of the Code by contacting the Firm's Chief Compliance Officer by telephone at (303) 500-8821, by email at compliance@ibexinvestors.com, or by sending a written request to Ibex Investors LLC, Attention: Chief Compliance Officer, 3200 Cherry Creek South Drive, Suite 670, Denver, Colorado 80209.

The Code sets forth the standards of conduct expected of Firm employees and contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm and its employees. The Code also requires that access persons report their personal securities holdings and transactions and obtain pre-approval of specified personal securities transactions from the Chief Compliance Officer. The Chief Compliance Officer may restrict employee trading for any reason, including if: (i) the Firm is in possession of material non-public information about a company; (ii) an employee's trading could present a conflict of interest vis-à-vis a client account or cause a client account to be harmed; or (iii) the employee's trading could be considered improper and/or illegal, as determined by the Chief Compliance Officer.

Subject to applicable regulatory restrictions, senior management and employees of the Firm may choose to personally invest, directly and/or indirectly, in certain Ibex Funds managed by or advised by the Firm. The senior management and employees are not required to keep any minimum



investment in any of the Ibex Funds, and the size and nature of the investments changes over time. Investments by the senior management and employees in a particular Ibex Fund could incentivize the senior management and employees to increase or decrease the risk profile of such Ibex Fund.

The Firm and its management persons will devote as much of their time to the activities of each Ibex Fund as they deem necessary and appropriate. The Firm and its management persons are not restricted from forming and advising additional pooled investment vehicles, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities involve substantial time and resources of the Firm and its management persons. These activities could be viewed as creating a conflict of interest in that the time and effort of the Firm and its management persons will not be devoted to the business of specific Ibex Funds but will be allocated among the business of all of the Firm's clients.

Item 12. Brokerage Practices

We have adopted the following policies and practices to meet the Firm's fiduciary responsibilities and to ensure our trading practices are fair to all clients and that, except where noted below, no client is advantaged or disadvantaged over any other.

Best Execution

The following policies apply to transaction costs, whether related to equity, fixed income, derivative or currency transactions, and whether in the form of a commission, spread or other compensation, relating to portfolio transactions for client accounts.

The Firm's overriding objective in effecting portfolio transactions is to seek best execution for its clients' securities transactions. It is not necessary to select the broker offering the lowest commission rate. The Firm may cause a client account to pay a broker a commission in excess of that which another broker might have charged for effecting the same transaction in recognition of the value of the brokerage and other services provided by the broker. The Firm should seek to obtain the most favorable terms reasonably available under the circumstances by taking into consideration the following qualitative and quantitative factors: research; liquidity/pricing; price and commission rate; transactional considerations; reliability/responsiveness; financial stability; and regulatory history and industry reputation. All of the foregoing procedures cannot be rigidly applied to every trade. Rather the Firm should assess these procedures in the context of each trade and apply them appropriately. In certain cases, the circumstances of a trade may dictate the type of broker used for execution. For example, depending on the size or type of transaction, some brokers may offer lower commission rates, but be unable to provide the same level of liquidity or quality of execution as full-service brokers. In unique transactions, other criteria may influence a Firm's decision to use a certain broker.

The factors above, among other factors, are monitored on an on-going basis by the Firm. Based upon all factors considered, the Firm is responsible for making a good faith determination that the allocation of brokerage and commissions paid are reasonable in relation to the value of the brokerage and research services provided by brokers that are used to execute trades for the Firm's clients. The Firm's Investment Committee and Operations Oversight Committee reviews trading activity on a biannual basis to monitor brokers utilized to effect client transactions, as well as to assess the Firm's ongoing best execution obligation to its clients.



Soft Dollars

In the event that the Firm utilizes soft dollars, it will do so solely to pay for products or services that qualify as “research and brokerage services” within the meaning of Section 28(e) of the Exchange Act.

Section 28(e) of the Exchange Act provides a “safe harbor” to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to such investment advisers in the performance of investment decision-making responsibilities. The term “soft dollars” refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by such investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties. Research services furnished by brokers may include (but are not limited to) written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. To monitor the Firm’s use of research and brokerage products and services, all requests for research or brokerage products or services require approval from the Chief Operating Officer and the Chief Compliance Officer.

Aggregation and Allocation

As a matter of policy, the Firm’s allocation procedures must be fair and equitable to all clients with no particular client(s) being favored or disfavored over any other clients. The Firm will allocate investment opportunities in a fair and equitable manner and not based upon account performance, applicable fee structures or other conflicts of interest that may give rise to preferential treatment. The Firm will avoid any action that could result in an unfair or inequitable disadvantage to any client account.

The Firm’s obligation is to treat all client accounts fairly, but not necessarily identically. Allocation decisions will be based on a consideration of matters such as portfolio composition and investment objectives of a particular client account. Allocation decisions should not be based on a consideration of such matters as fee arrangements, or relationships to an employee of the Firm. All trade allocation and aggregation activities are reviewed by the Chief Investment Officer or President.

When possible, the Firm will execute transactions on an aggregated basis if it believes that to do so will allow it to obtain best execution and to negotiate more favorable commission rates or other transaction costs that might have otherwise been paid had such orders been placed independently. When aggregating orders, all client accounts will be treated in a fair and equitable manner. The following procedures will apply to all aggregated transactions:

- **Obtain Best Execution.** The Firm will not aggregate orders unless aggregation is consistent with our duty to obtain best execution and the terms of the investment guidelines and restrictions of each client account for which trades are being aggregated.



- Fair Treatment. No client account will be favored over any other account; each account that participates in an aggregated order will participate at the average price for all transactions in that security on a given business day, with transaction costs allocated pro rata unless otherwise determined in the discretion of the Firm.
- Safeguarding Fund Assets. Each account's assets will be deposited with one or more custodians, and the account's assets will not be held collectively any longer than is necessary to settle the purchase or sale in question; cash or securities held collectively for the client will be delivered to the custodian as soon as practicable following settlement.

The Firm's Chief Investment Officer and President, along with other members of the Firm's Investment Committee and portfolio managers, are responsible for selecting investments on behalf of the client accounts. Once they determine that a particular security or other instrument should be purchased or sold for the account, the portfolio managers are responsible for determining the availability of the particular investment and allocating the investment among participating accounts.

Employees of the Firm may not engage in principal transactions between a personal account (including the account of a family member) and any client account. An employee may not cause one client account to sell a security to another client account in a cross transaction if any employee or other affiliate of the Firm will receive any compensation from any source for acting as broker.

If the Firm elects to engage in cross trading, it will only engage in cross transactions (causing one client account to buy or sell securities from or to another client account) when the transaction is in the interests of, and consistent with the investment objectives and policies of, both accounts involved in the transaction. If a cross transaction is considered, it is the Firm's policy to effect all cross transactions in an equitable and fair manner for all clients involved.

Any cross transaction between client accounts will be effected for cash consideration and the Firm will execute the transaction at the current market price of the security. If a market price is not available on the day in question, then the cross transaction shall be effected at the mid-market price based upon relevant bid/ask quotes determined on the basis of reasonable inquiry. No brokerage commission, fee (except for customary transfer fees) or other remuneration shall be paid in connection with any cross transactions between client accounts.

Item 13. Review of Accounts

The client accounts managed by the Firm are reviewed on a continual basis by the portfolio manager of the particular account and the Firm's Investment Committee to assure conformity with investment objectives and guidelines. The Investment Committee is currently composed of the Firm's senior investment professionals and portfolio managers. More extensive review of particular securities in an account may be performed on a daily or weekly basis depending upon the nature of the investment and the status of various factors that are used by us to monitor, rebalance and effect transactions in the accounts.

The Firm provides Investors in the Ibex Funds with (i) unaudited quarterly reports containing performance reporting, individual account balances and market commentary and (ii) annual audited financial statements. Investors in certain Ibex Funds also receive monthly updates and market commentary.



Item 14. Client Referrals and Other Compensation

As discussed in Item 12, the Firm may receive research or services from broker-dealers through a soft-dollar arrangement. Please see Item 12 for full disclosure.

With respect to one or more of the Ibex Funds, the Firm may enter into arrangements with placement agents pursuant to which the placement agents will be compensated by the Firm based on a percentage of the fees received by the Firm from Investors that the placement agents are responsible for introducing to the Firm. The fees paid to the placement agent do not result in an increase in fees paid by Investors and no Investor pays fees directly to the placement agent. The Firm requires that all placement agents be properly registered with all relevant regulatory bodies as may be required, including the SEC and FINRA, if applicable, and comply with all applicable laws.

Item 15. Custody

All client accounts and assets are held in custody by unaffiliated broker/dealers or banks. However, the Firm or an affiliated general partner is deemed to have custody of each of the Ibex Funds in its role as the general partner of each Ibex Fund or because a Firm principal serves as a director of a particular Ibex Fund even though the Firm does not physically hold the securities and other assets of the Ibex Funds, except consistent with certain regulatory guidance regarding private stock certificates in certain limited circumstances. A qualified custodian serves as the custodian of the securities and uninvested cash of each of the Ibex Funds, which securities and cash are held directly by the custodian in a segregated account in the name of the applicable Ibex Fund. In addition, the Firm utilizes unaffiliated administrators to provide certain financial, accounting, administrative and other services on behalf of the Ibex Funds, including disbursing payment of Ibex Fund expenses, maintaining a registry for the ownership and transfer of Ibex Fund interests, maintaining the books and records of the Ibex Funds, coordinating with the auditors for the audit of the books and records and preparing and distributing reports to each Investor. The Firm encourages all clients and Investors to carefully review all statements and reports provided to them in connection with their investment.

The books and records of each Ibex Fund are audited at the end of each fiscal year by a firm of independent certified public accountants registered with the Public Company Accounting Oversight Board. Investors are furnished with audited year-end financial statements prepared in accordance with generally accepted accounting principles within 120 days of year-end. Investors are also furnished with unaudited reports concerning the Ibex Fund's performance quarterly, together with information regarding the Ibex Fund's investment portfolio. In the event of a liquidation of an Ibex Fund, each Investor will receive a final liquidation audit report prepared in accordance with generally accepted accounting principles.

Item 16. Investment Discretion

Prior to assuming full discretion in managing a client's assets, Ibex enters into an investment management agreement or other agreement that sets forth the scope of Ibex's discretion. As investment adviser to the Ibex Funds, and pursuant to each Ibex Fund's Governing Documents or investment management agreement, the Firm has full discretion with respect to securities transactions affected for the Ibex Funds and exercises its investment discretion consistent with each of the Ibex Fund's respective investment strategies as set forth in the applicable Governing



Documents. The Firm has the authority to determine (i) the securities to be purchased and sold for an Ibex Fund, and (ii) the amount of securities to be purchased or sold for an Ibex Fund.

Item 17. Voting Client Securities

The Firm has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between the Firm and a client. The Firm's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the client. The Firm will generally vote in favor of matters that follow an agreeable corporate strategic direction, support an ownership structure that enhances shareholder value without diluting management's accountability to shareholders and/or present compensation plans that are commensurate with enhanced manager performance and market practices. While proxy voting on all issues presented should be considered, voting on all issues is not required. Some issues presented for a proxy vote of security holders are not deemed relevant to the Firm's voting objective, or it is not reasonably possible to ascertain what effect, if any, a vote on a given issue may have on a client's investment. Additionally, the Firm may decide that avoiding further expense and investigation and not voting at all on a presented proposal may be in the best interest of a client. Accordingly, the Firm may abstain from voting in certain circumstances.

Conflicts of interest involved in a proxy vote shall be addressed through a three-step process. The Firm will identify all potential conflicts of interest. The Firm will determine the materiality of conflicts under the federal securities laws. If a material conflict of interest with respect to a particular vote is encountered, the Firm will determine how to vote the proxy consistent with the best interests of a client and in a manner not affected by any conflicts of interest.

The Firm retains records of (i) proxy voting policy and procedures, (ii) proxy statements received for client securities, (iii) records of votes cast on behalf of clients, (iv) written client requests for proxy voting information and written adviser responses to any client request (whether oral or written) for proxy voting information, and (v) any documents prepared by the Firm that were material to making a proxy voting decision or that memorialized the basis for the decision.

The Firm will provide clients with a copy of the Firm's proxy voting policy upon request. Questions related to the policy, the proxy voting process and/or information regarding how the Firm voted proxies relating to the client's portfolio securities may be obtained by clients, free of charge, by contacting the Chief Compliance Officer at compliance@ibexinvestors.com.

Item 18. Financial Information

The Firm is not required to provide a balance sheet in response to this item and is not subject to any financial condition that is reasonably likely to impair its ability to meet its financial obligations to its clients.



Privacy Policy

This privacy policy explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about the Firm's clients and Investors, as required under federal legislation. This privacy policy only applies to nonpublic information of clients and Investors who are individuals (not entities).

The Firm collects personal information about its clients and Investors mainly through the following sources:

- Subscription forms, investor questionnaires and other information provided by the client or Investor in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; and
- Transactions within the Firm, including account balances, investments and withdrawals.

The Firm does not sell or rent client or Investor information. The Firm does not disclose nonpublic personal information about its clients or Investors to nonaffiliated third parties or to affiliated entities, except as permitted by law. For example, the Firm may share nonpublic personal information in the following situations:

- To service providers in connection with the administration and servicing of the Firm, which may include attorneys, accountants, administrators, auditors and other professionals. The Firm may also share information in connection with the servicing or processing of Firm transactions;
- To affiliated companies in order to provide clients and Investors with ongoing personal advice and assistance with respect to the products and services purchased through the Firm and to introduce them to other products and services that may be of value to them;
- To respond to a subpoena or court order, judicial process or regulatory authorities;
- To protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and
- Upon consent of a client or an Investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the client or Investor.

The Firm's policy is to require that all employees, financial professionals and companies providing services on its behalf keep client information confidential.

The Firm maintains safeguards that comply with federal standards to protect client or Investor information. The Firm restricts access to the personal and account information of its clients and



Investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom the Firm shares client or Investor information must agree to follow appropriate standards of security and confidentiality.

The Firm's privacy policy applies to both current and former clients and Investors. The Firm may disclose nonpublic personal information about a former client or Investor to the same extent as for a current client or Investor.