

SG Capital Management LLC

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This brochure provides information about the qualification and business practices of SG Capital Management LLC. If you have any questions about the contents of this brochure, please contact Nicolette Rudman at 312-923-0150, or by email at nikki@cedarstreetfunds.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about SG Capital Management LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 22, 2017

Material Changes

Annual Update

SG Capital Management LLC (“SG Capital”) is providing this information as part of our annual updating amendment which contains material changes from our last annual update. This section discusses only material changes since the last annual update which occurred on March 11, 2015.

Material Changes Since the Last Update

Effective January 2017, SG Capital has changed the Offshore Administrator. The new Offshore Administrator is Liccar & Co.

Full Brochure Availability

The Firm Brochure for SG Capital Management is available upon request by contacting Nicolette Rudman at 312-923-0150, or by emailing nikki@cedarstreetfunds.com.

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Advisory Business

Firm Description

SG Capital (or the “Firm”) was founded in April of 2002 by Ken Grossman and Glen Schneider (the “Principals”), who each own 50% of the Firm. SG Capital is organized under the laws of the State of Delaware and is domiciled in Chicago, Illinois.

We provide discretionary investment management to private funds as well as separate accounts for high net worth individuals and institutions (collectively, our “Clients”). We manage the Cedar Street Fund, LP (the “Onshore Fund”) and the Cedar Street Offshore Fund, Ltd (the “Offshore Fund”) (together, the “Cedar Street Funds”); we also manage the Cedar Street Teton Fund, LP (the “Teton Fund”) (each, a “Fund” and all three together, the “Funds”).

The Cedar Street Funds follow a similar event-driven, opportunistic strategy, investing in US-listed equities and corresponding options. These funds offer four classes to its investors: Market Neutral, Double Market Neutral, Long-Short or Long Only. SG Capital also manages separate accounts that follow the same Market Neutral, Double Market Neutral, Long-Short or Long Only strategies that the Cedar Street Funds’ share classes offer. Absent client-imposed restrictions, each share class and corresponding separate account is managed *pari passu* and therefore will maintain the same portfolio holdings.

The Teton Fund is managed following a similar opportunistic strategy, but allows for greater exposure and leverage limits. The Teton Fund may also invest in securities with greater market capitalizations and securities in sectors in which the Cedar Street Funds do not invest. Lastly, this fund also offers Market Neutral, Long-Short and Long Only classes to its investors. SG Capital also manages separate accounts that follow the same Long-Short or Long Only strategies that the Teton Fund’s share classes offer. Absent client-imposed restrictions, each share class and corresponding separate account is managed *pari passu* and therefore will maintain the same portfolio holdings.

Investors are not allowed to impose restrictions on the investments within a Fund; however, SG Capital allows separate account clients to impose reasonable restrictions on the management of their accounts.

Client Assets

As of December 31, 2016, we were actively managing \$563.5 mm in assets on a discretionary basis.

Fees and Compensation

The Funds

The Funds pay SG Capital a calendar quarterly management fee in arrears at the annual rate of 1.5% of the aggregate assets under management at the end of the quarter. SG Capital debits the Funds' fees from their respective capital accounts. SG Capital may, in its sole discretion, waive or reduce this fee for affiliates, family members or its principal owners and employees and / or certain strategic investors.

The Market Neutral, Double Market Neutral and Long-Short share classes of each Fund also pay SG Capital a performance-based fee of 20% of any "Net New Profits" (high water mark) as of the end of the calendar quarter.

Separate Account Clients

The fee terms for our separate account clients may differ from the Funds. These accounts pay a quarterly management fee in arrears, generally at the annual rate of 1.5% of the aggregate assets under management at the end of the quarter. Separate account management fees are invoiced to and paid by the clients.

The Long Only strategy accounts pay SG Capital a quarterly management fee in arrears at the annual rate of 1.5% of the aggregate assets under management. (1.0% for accounts managed prior to 2011).

All management fees for separate account clients are negotiable based on a client's assets under management with SG Capital.

With the exception of the separate accounts managed following the Long-Only strategy, separate accounts pay SG Capital performance-based fee of 20% of any "Net New Profits" (high water mark) annually.

Other Fees

In addition, clients will pay fees in addition to the management and performance-based fees described above. This can include among other things, commissions and custodial fees. *For more information on SG Capital's Brokerage Practices, please refer to Page 12.*

Performance-Based Fees & Side-by-Side Management

As stated above, SG Capital charges certain, but not all, clients a performance-based fee. Therefore, there could be an incentive for SG Capital to allocate favorable or profitable investments to accounts that are charged this fee. However, SG Capital manages each Fund class and corresponding separate account that follows a similar strategy *pari passu* (absent

client-imposed restrictions in the separate accounts), which means that no Fund or account is favored over another. Additionally, SG Capital has policies and procedures in place to help ensure it does not unfairly favor or discriminate against any of its other clients in the trading and allocation process.

Types of Clients

Description

SG Capital provides portfolio management services to the following types of Clients:

- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Pooled investment vehicles (e.g., hedge funds)
- State or municipal government entities

Account Minimums

The minimum investment per investor in the Funds is \$250,000 U.S. but the General Partner or Directors of the respective Fund may waive this minimum at their absolute discretion. The General Partner or Directors of the respective Fund, at their discretion, may reject the subscription of any subscriber for any reason.

The minimum investment to open a separately managed account is \$5,000,000 but SG Capital may waive this minimum at its absolute discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Our investment process is based on bottom up, fundamental analysis. We focus on earnings and select stocks based on whether we think a company may exceed or miss profit expectations given our view of what is priced into the stock. The process begins with our database of detailed notes on US small and mid-cap companies. We monitor approximately 300-400 companies on a continuous basis and have over 1,700 companies in our research database. We speak with 12-20 senior managements/companies per day via conference calls, stock conference meetings or meetings in our office. The research team asks questions of company management on various opportunities and risks within their industry to understand what drives their business and profitability. We review Wall Street Analysts' models and their assumptions to determine differences between our analysis and Street expectations. Additionally, trade checks with competitors, customers and suppliers are

performed which help us corroborate or dispel our viewpoint on a company's fundamentals. It is important to understand the shareholder base, valuation and sentiment before a position can be initiated. If actionable, a 1-2% position is usually taken as an initial buy. We typically build the position into the earnings release, at which point we put on a full position with size based on our level of conviction.

Three questions must be answered by each member of the investment team prior to initiating a position.

1. What is the valuation of the stock (expensive or inexpensive) and why?
2. Where might profit assumptions be inaccurate?
3. What is the shareholder base? Risk management is critical; with position sizing and any appropriate hedges determined throughout the holding period.

Another critical element to our decision making process is the follow up with the companies we own in the portfolio. Once we establish a position, we continually update our research by speaking with management and cycling back through our trade checks. Once the company reports earnings, we wind down the position. Occasionally, we can identify an additional catalyst and may maintain a position longer term. Usually, we take our profit or eliminate mistakes and move on.

All investments involve risks, including the loss of principal invested which Clients and investors should be prepared to bear. Past performance does not guarantee future results or success.

Investment Strategies

- Small capitalization focus for Cedar Street strategies and all capitalization for Teton strategies.
- Bottom up, fundamental analysis seeking companies that will beat/miss Wall Street expectations.
- Event driven- majority of volatility in small caps follows the earnings reports.
- Concentrated portfolio of 30-50 names.
- Low standard deviation, low beta and returns non-correlated to the market.
- Same philosophy and process of fundamental stock selection across all funds.

We invest in companies that are inexpensive (expensive) where current business conditions have been incorrectly interpreted by consensus thought. Long or short positions will be established based on our analysis of companies through rigorous research and discussions with company managements, competitors, suppliers, customers and Wall Street analysts. The preponderance of holdings will be in equities; however long put and call option contracts will be used to protect capital from loss.

The preponderance of equities will be in small to mid-cap stocks; however, mid/large cap securities may be used opportunistically or for hedging purposes. Wall Street underfollows (poorly follows) smaller size companies, managements are more accessible and business lines are more focused allowing us to uncover misperceptions about a company's prospects. It is

these inaccuracies in terms of financial assumptions and future growth opportunities that can lead to excellent long and short ideas.

Once an equity has been identified, the due diligence process begins. Valuation metrics; gathering financial and company data to test analysts' assumptions; interviewing management and doing trade checks with company suppliers, customers and competitors are integral to the process. We need to identify a near term catalyst that will drive the stock price in the desired direction.

We determine the current shareholder base and optimally look to be long stocks with large short interest positions and short companies with low short interest and momentum (growth oriented) investors in their shareholder base.

An overlay to this entire process is implementing strict risk management disciplines to manage against loss.

Risk of Loss

SG Capital is committed to managing risk, however, investing in securities involves risk of loss that clients should be prepared to bear. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Strategy-Specific Risks

Small and Mid-Cap Company Investing.

Small and mid-cap companies present unique investment risks. These companies may have limited product lines, as well as shorter operating histories, less experienced management and more limited financial resources than larger, more established companies. Small and mid-cap companies may depend on a small number of key personnel to remain profitable. Securities of small and mid-cap companies generally trade in lower volumes and are subject to greater and more unpredictable price changes than those of larger companies or the stock market as a whole. In addition, small and mid-cap stocks may not be widely followed by the investment community, which may result in low demand. Investment in small cap companies involves more risk than investing in larger, more established companies.

Short Selling

SG Capital is expected to sell securities short on behalf of its Clients. This involves the sale of borrowed securities. In order to sell a security short, SG Capital must borrow the security from a securities lender and deliver it to the buyer. SG Capital is then obligated to return the security to the lender at its request (although SG Capital remains free to return the security to the lender at any time prior to the lender's request). SG Capital ordinarily fulfills its obligation to return a security previously sold short by acquiring it in the open market. The principal risk in selling a particular security short is that, contrary to SG Capital's expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited; since there is theoretically no limit on the price to which the security sold short may rise.) Another risk is that SG Capital may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a stock at a time the market for such stock is illiquid or additional stock is not available to borrow. In addition, some

traders may attempt to profit by making large purchases of a security that has been sold short. These traders hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher. In certain cases, the General Partner may find it difficult if not impossible to establish a desired short position because of a limited supply of the security available for borrowing. In these cases, SG Capital may be compelled to forego a potentially profitable investment opportunity.

Options

SG Capital may use derivative instruments, primarily option contracts for hedging purposes. The use of such instruments and techniques may result in leveraging the assets of the particular Client account, thereby exposing it to significant risks. Among other things, the prices of derivative instruments can be highly volatile. Price movements of derivative instruments are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies.

Derivatives

Clients may hold or write various derivative instruments, including options, forward contracts, swaps and other derivatives, which may be volatile and speculative. The use of derivative instruments presents the following risk:

- o Tracking: When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may prevent SG from achieving the intended hedging effect or expose an Advisory client to the risk of loss.

Disciplinary Information

Legal and Disciplinary

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Neither our firm nor our management personnel have reportable events to disclose.

Other Financial Industry Activities and Affiliations

Material Relationships or Arrangements with Financial Industry

SG Capital is the general partner for both the Onshore Fund and the Teton Fund. One of our Principals, Ken Grossman, serves as one of the Directors of the Offshore Fund.

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

Code of Ethics

We have adopted a Code of Ethics (the “Code”) which sets forth the highest ethical and fiduciary standards required of all employees that includes compliance with applicable federal securities laws. We understand we are fiduciaries to our clients and have a duty to always place the interests of our clients first.

Our Code prohibits employees from trading in any single-named equity (which includes shares issued in an initial public offering) or corresponding equity option. It also includes policies and procedures for the review of quarterly securities transaction reports as well as initial and annual securities holdings reports that must be submitted by all employees. Our Code also requires prior approval of any acquisition in a private placement. Additional restrictions are in place to ensure clients are not disadvantaged through trading activities of firm employees. Our Code also provides for oversight, enforcement and recordkeeping provisions. The Code further includes our policy prohibiting trading while in the possession of material non-public information.

A copy of our Code is available to clients and prospective clients upon request by contacting Nicolette Rudman at 312-923-0150, or by emailing nikki@cedarstreetfunds.com.

Invest in Same Securities Recommended to Clients

The employees of SG Capital are prohibited from investing in any single equity or corresponding equity options. If employees owned a single equity or corresponding equity option prior to their employment with SG Capital, they are not required to dispose of the security. However, they are prohibited from selling the security on a day during which any Client has a pending buy or sell order in the same or an equivalent security until that order is executed or withdrawn. All personnel (portfolio managers, analysts and traders) are prohibited from selling a security within 30 calendar days before or after a portfolio that the Firm manages trades in the same or an equivalent security.

Employees who hold positions in advance of SG Capital establishing a position in that security may exit the position five calendar days after the security is no longer held in any portfolio. The CCO will review and keep a record of such security and monitor employees' holdings.

Brokerage Practices

Selecting Brokerage Firms

We use trading firms which are on our approved broker list, and individuals within those firms that have demonstrated a competence in trading our stocks. Certain criteria is used to determine which trading firms, based on best execution, are included on the approved broker list. These criteria include, but are not limited to quality of services provided, cost of services provided, commissions charged and value of research provided. In limited situations, SG Capital will conduct internal crossing transactions between accounts due to large fund flows, although SG Capital may also execute these transactions independently of each other if it believes it is in the best interests of its Clients to do so. If SG Capital does conduct internal crossing, the transactions will be priced the same for both sides of the transaction, using the current mid-price based on end of day published prices, to cross the position between accounts. All cross trades will be documented by the CCO/COO. SG Capital will provide notice to Clients and investors of cross trades as required.

Research and Soft Dollars

We utilize soft dollars for research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934. We manage the commission sharing pool as payment on a discretionary basis to sell side brokerage coverage, as it relates to equity research services they provide. These services include but are not limited to: company visits, investor conferences, broker research and analyst conference calls.

Third party vendors are also paid out of the commission pool. All payments are authorized by our Principals and maintained with our soft dollar service provider, Westminster.

To the extent we receive research, sell side firms bring in company management teams or provide us with one-on-one meetings with company management teams at conferences. We use some of the commission dollars generated (as stated above) to pay for these services. When we use client brokerage commissions to obtain these services, we receive a benefit to the extent that we do not have to obtain these services ourselves or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients. We address this conflict through the use of price limits on trade orders and our policy of ensuring all commissions fall within our pre-determined guidelines of \$0.0035 – \$0.02 per share.

Research received is used for all accounts under management and all accounts are used to generate commissions to pay for these services.

The Best Execution Committee meets bi-annually to evaluate each service provider. The CCO/COO maintains a record of such meetings and the findings.

Order Aggregation

All trades for similar strategies are executed in the aggregate with appropriate percentages applied to all portfolios, based on the start of day AUM for each portfolio. All trades are allocated based on start of day AUM manner so that no client is shown preference.

Because the Cedar Street Funds (and corresponding separate accounts) have different exposure and leverage limits than the Teton Fund (and corresponding separate accounts), it is possible that SG Capital may sell a security in the Cedar Street Funds (and corresponding separate accounts) while simultaneously buying the same security in the Teton Fund (and corresponding separate accounts), and vice versa. SG Capital has policies and procedures in place to ensure that this type of trade activity does not favor or disfavor any client account(s).

Directed Brokerage

Brokerage commission rates in the US are not fixed by any authority, but are subject to negotiation. Clients that direct SG Capital to use particular broker or dealer to execute all transactions are responsible for negotiating commission rates with such broker. To the extent that clients direct brokerage and negotiate their own commission rates, it is possible that such clients may have commission arrangements that are more or less favorable than other clients that use the same directed broker.

Some clients, when undertaking an advisory relationship, already have a mandated relationship with a broker and will instruct SG Capital to execute all or a significant portion of transactions for their account through that broker. In the event that a client directs SG Capital to use a particular broker or dealer, it should be understood that the client has the sole responsibility for negotiating commission rates and other transaction costs with the directed broker and that a disparity may exist between the commissions borne by the account and the commissions borne by other SG Capital clients that do not direct SG Capital to use a particular broker. The client should further understand that by instructing SG Capital to execute all or a significant portion of transactions through the directed broker, the client may not necessarily obtain commission rates and execution as favorable as those that would be obtained if SG Capital was able to place transactions with other broker-dealers. The client also may forego benefits that SG Capital may be able to obtain for its other clients through, for example, negotiating volume discounts or block trading.

Clients' directed brokerage investment programs may utilize such investment techniques as leverage, margin transactions, short sales, swaps, options on securities and forward contracts, which practices may, in certain circumstances, increase the adverse impact to which the clients may be subject. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk, and operations risk.

Sequence of Order Placement

When placing orders for certain client strategies, SG Capital will typically place trades for accounts that do not have any mandated brokerage restrictions first ("Un-restricted Accounts").

After the trades have been completed or while in process, for the Un-restricted Accounts, SG Capital will begin to execute trades for clients that have mandated a directed brokerage arrangement ("Directed Accounts"). Due to the sequence of placing trades for accounts it is possible that accounts that are traded first may receive more favorable pricing than accounts that are traded last, and vice versa.

Review of Accounts

Periodic Reviews

All portfolios are reviewed daily and intra-day to ensure adherence to our stated limits and risk management as well as any client-imposed restrictions. Our prime broker provides daily risk and portfolio reports. The portfolio managers of the firm review these reports each day.

Regular Reports

We provide a monthly statement to private fund investors and a newsletter to all investors and separate account clients. We will provide additional reports to separate account clients by request.

Client Referrals and Other Compensation

Third Party Solicitors

SG Capital has relationships with third party marketing firms in Europe where it pays such parties a percentage of the fees generated on clients or investors gained through their efforts.

SG Capital may pay referral fees to independent persons or firms ("Solicitors") in the United States for introducing clients or investors to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Custody

SG Capital is deemed to have custody of the Funds' assets. As such, audited financial statements for the Funds are prepared by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"), and distributed to all investors within 120 days of fiscal year-end.

Investment Discretion

Discretionary Authority for Trading

Clients give us discretionary authority when they sign an agreement with our firm. Our discretionary authority includes the ability to do the following without contacting the client:

- Determine securities and the amounts to be bought or sold.
- Determine the broker-dealer to be used and the commission rates paid.

Currently, there are no client limitations to this discretionary authority.

Voting Client Securities

Proxy Voting

It is SG Capital's responsibility to submit and retain proxy votes for those clients whom have requested as such. We will vote proxies in the best interests of our Clients which we believe, in general will entail voting with management's recommendations on the election of directors, and abstaining from votes on compensation packages, changes of accounting or audit firms and restatements of financials. Any deviation to this will be documented, including when we otherwise abstain from a vote because we determine this to be in our Clients' best interests. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how we voted proxies.

A copy of our complete proxy voting policies and procedures can be obtained by contacting Nicolette Rudman by telephone 312-923-0150 or email at nikki@cedarstreetfunds.com. Clients may request, in writing, information on how proxies for his/her shares were voted by contacting Nicolette Rudman.

Financial Information

Prepayment of Fees

SG Capital does not require or solicit prepayment of more than \$1,200 in fees six months or more in advance.

Financial Condition

We have no financial condition reasonably likely to impair our ability to meet contractual commitments to clients.

Bankruptcy

SG Capital Management LLC has not been the subject of a bankruptcy petition at any time during the past ten years.