

Carleon Capital Partners LLC

Part 2A of Form ADV

The Brochure

280 Park Ave., 23rd Floor East
New York, NY 10017
(212) 488-5470
<http://www.carleoncapital.com>

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This brochure provides information about the qualifications and business practices of Carleon Capital Partners LLC (“Carleon,” “the Company,” or “We”). If you have any questions about the contents of this brochure, please contact us at 212-488-5470. 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 Carleon is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Summary of Material Changes

Below is a summary of the material changes to this brochure since it was previously filed in March 2011:

- Carleon commenced providing services to Non-Fund Clients in 2011. Disclosures were added that addressed advisory services and fees provided to Non-Fund Clients.
- A fee table and corresponding language was removed from the *Fees and Compensation* section. The Partnerships’ fees have been simplified into one fee schedule.
- Carleon removed the following disclosure: “While the majority of Carleon’s investments involve Portfolio Funds, some investments may include Portfolio Funds that are affiliated with Carleon, any of its affiliates or related persons.”
- The Company took action so it does not charge performance-based fees to any clients. The *Performance-Based Fee and Side-by-Side Management* section has been amended accordingly.

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Advisory Business

Carleon serves primarily as an investment manager or adviser to collective investment vehicles (each a “Partnership” and collectively, the “Partnerships”) organized to invest with third-party managers and in other financial instruments. In providing advisory services to the Partnerships, Carleon formulates its investment objective, directs and manages the investment and reinvestment of the Partnership’s assets and provides reports to investors. Investment advice is provided directly to the Partnerships and not individually to the limited partners of the Partnerships. Carleon manages the assets of the Partnerships in accordance with the terms of the governing documents applicable to the Partnership. Carleon also serves as an adviser to individuals or entities which are not collective investment vehicles (“Non-Fund Clients”).

Carleon’s affiliate, RT Investment Holdings GP LLC, serves as the general partner to the Partnerships (the

“General Partner”). The principals of Carleon are also principals of the General Partner.

Although Carleon may utilize a broad range of securities, the majority of its investments involve managed accounts or other partnerships (“Portfolio Funds”). The Partnerships are managed *pari passu* to the extent possible, taking into consideration taxation and *de minimus* considerations.

The Company has full discretionary authority with respect to investment decisions of the Partnerships, and its advice with respect to the Partnerships is tailored according to the investment objectives, guidelines, and requirements as set forth in each Partnership’s respective offering memoranda and advisory agreement.

Interests in the Partnerships (“Interests”) are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Partnerships are not registered under the Investment Company Act. Accordingly, interests in the Partnerships are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions. The Company also advises Non-Fund Clients. Advisory services may be tailored to the individual needs of Non-Fund Clients, and Non-Fund Clients may impose investment restrictions on investing with certain types of managers. The Company's Non-Fund Client services include, but may not be limited to, the following:

- Asset allocation review, recommendations, and framework;
- Initial review and assessment of investment holdings;
- Identify, evaluate and recommend new investment opportunities;
- Ongoing portfolio monitoring and periodic due diligence of third-party managers;
- Performance and asset allocation reporting;
- Periodic rebalancing recommendations; and
- Periodic client meetings.

The Company has been in business and registered as an investment adviser with the SEC since 2007. The Company is majority-owned by Roundtable Wealth Management, LP (“RWM LP”), and Geoffrey Boisi and Richard Herbst are principal owners of RWM LP. As of January 31, 2012 the Company managed \$493,764,670 on a discretionary basis on behalf of approximately 5 clients. As of January 31, 2012, the Company advised approximately \$518.6 million on a non-discretionary basis for one Non-Fund Client.

Fees and Compensation

Carleon (and/or the General Partner) receives an annual asset-based management fee equal to the product of the Applicable Blended Management Fee Percentage (defined below) with respect to such Limited Partner and the net asset value per annum of such Limited Partner’s LP interest in a Carleon investment vehicle (“LP Interest”).

With respect to the Partnerships, “Applicable Blended Management Fee Percentage” with respect to any Limited Partner shall mean the effective blended annual rate equal to:

- (i) 1.00% with respect to the net asset value per annum of such Limited Partner’s LP Interest that is equal to less than \$50 million;

- (ii) 0.90% with respect to the incremental portion of the net asset value per annum of such Limited Partner's LP Interest that is equal to \$50 million or more but less than \$100 million;
- (iii) 0.75% with respect to the incremental portion of the net asset value per annum of such Limited Partner's LP Interest that is equal to \$100 million or more but less than \$150 million;
- (iv) 0.65% with respect to the incremental portion of the net asset value per annum of such Limited Partner's LP Interest that is equal to \$150 million or more but less than \$200 million; and
- (v) 0.50% with respect to the incremental portion of the net asset value per annum of such Limited Partner's LP Interest that is equal to \$200 million or more.

The management fee received by Carleon does not include investment management fees for underlying investment managers for the Portfolio Funds. Asset based fees are billed and deducted quarterly at the end of the calendar quarter (i.e. in arrears) during which the adviser has performed the services to which the fees relate. Capital contributions made on a date other than the first day of a calendar quarter are subject to a prorated portion of the asset based fee for that calendar quarter with respect to such contribution based on the number of days remaining in that calendar quarter.

The fees paid by the Partnerships have not been established on the basis of an arm's-length transaction between the Partnerships and Carleon. Fees charged by the Partnerships are generally not negotiable, but may be negotiated for certain Partnerships, and in special circumstances. The General Partner, in its discretion, may at any time create and offer additional classes of Partnership interests, which classes shall be subject to such fees, incentive amounts and redemption rights as the General Partner shall determine.

In addition to the management fees, investors may bear other costs that are charged to the Partnerships, as disclosed in a Partnership's offering documents. Such costs will vary and typically include, though are not limited to, investment expenses (i.e., expenses that the Investment Manager reasonably determines to be related to the investment of a Partnership's assets, such as research expenses, brokerage commissions, execution and related items); clearing and settlement charges (please see the *Brokerage Practices* section below for a description of Carleon's use of brokerage); custodial fees; hedging expenses; bank service fees; interest expenses and expenses relating to proposed Investments (whether they are consummated or not); investment-related travel expenses; external legal expenses; professional fees (including, without limitation, fees and expenses of consultants and experts) relating to investments; external accounting, auditing and tax preparation expenses; valuation expenses; administrative expenses; organizational expenses; fees and expenses of an administrator; entity-level taxes (including any New York City Unincorporated Business Tax); insurance premiums and extraordinary expenses (including indemnification, and costs of any litigation or investigation involving Partnership activities and costs associated with reporting and providing information to existing and prospective limited partners). A Partnership may bear the legal, accounting and administration expenses associated with the organization of, and offering of interests in, a Partnership or series of a Partnership on an ongoing basis, including any "blue sky" filing fees.

Fees paid by the Partnerships are based off valuations of the Partnerships and their underlying investments. The Partnership's unregistered Portfolio Fund investments may consist of both redeemable (e.g., hedge funds) and nonredeemable interests (e.g., private equity funds). We may rely upon values provided by the sponsor of a Portfolio Fund. In general, investments in unregistered Portfolio Funds are valued at fair value in accordance with the terms and conditions of the respective governing agreement of the Portfolio Fund. Valuations are recorded at the net asset value reported by the fund sponsor of the Portfolio Fund which generally equals the Partnership's proportional share of net asset value reported by the fund sponsor of the Portfolio Fund. Carleon also considers factors such as fund specific redemption restrictions, related sales transactions and current market conditions which may affect the value of specific underlying investments

of each Portfolio Fund.

For a nonredeemable fund, the net asset value most recently reported by the fund sponsor is updated monthly for cash flows (i.e., capital calls and distributions), management fees, expenses, and foreign exchange fluctuations. In addition to these monthly adjustments, Carleon contacts the fund sponsor on a quarterly basis, or more frequently if needed, to discuss whether any events have taken place during the quarter that would affect the valuation of the investment (e.g., 3rd party round of financing, IPO, etc.). In the instance such an event exists, the most recent capital account statement available will be adjusted accordingly to incorporate the information received by the fund sponsor. All adjustments are reviewed and approved by Carleon's Valuation Committee.

Carleon maintains a Valuation Committee that is responsible for, among others things, (i) reviewing compliance with the Carleon's valuation policies and (ii) providing consistent and objective oversight and implementation of Carleon's valuation policies and procedures. From time to time, a portion of certain Partnership's capital may be invested in illiquid investments for which liquidity is generally available only upon realization of the related investment ("Special Investments"). Certain of the Partnerships will establish separate "Special Investment Accounts" for such investments. The Valuation Committee has oversight of the valuation process of Special Investments in certain of the Partnerships. If it is deemed necessary or prudent, Carleon may hire an independent third party to provide an appraisal of the investment. Valuations of Special Investments are carried out in accordance with provisions of certain of the Partnership's offering documents. Investors should refer to their respective Partnership's offering documents for additional information with respect to valuations, Special Investments, and Special Investment Accounts.

Carleon has entered into an agreement with the Partnerships (the "IM Agreement") whereby Carleon is retained as the investment manager of the Partnerships. The IM Agreement shall remain in full force and effect with respect to the Partnerships until the Partnerships are dissolved, provided that either the Partnerships or Carleon may terminate the IM Agreement at any earlier date by delivery of at least 30 to 60 days' prior written notice (depending on the Partnership) to the other party. Carleon may not assign its rights, responsibilities and interests in, or arising under, the IM Agreement without the written consent of the Partnerships, provided that the foregoing limitation shall not apply to an assignment by Carleon to a person or entity that succeeds to the business of Carleon substantially as an entirety. The Partnerships may not assign the IM Agreement without the written consent of Carleon.

With respect to Non-Fund Clients, fees are negotiated and Carleon does not maintain a standard fee schedule for such clients. Carleon charges a fee based off percentage of assets advised, as negotiated in the Non-Fund Client's agreement. Non-Fund Client fees are billed quarterly, in advance. Any prepaid but unearned fees will be refunded to Non-Fund Clients upon termination in accordance with provisions in the client's agreement. In addition, Non-Fund Clients will be responsible for reasonable third party out of pocket expenses associated with the services to be provided including, without limitation, the costs of products and services relating to research, market data, valuation and related items and courier services. Third party out of pocket fees and expenses relating to the making, holding and disposition of investments with respect to the Portfolio will be paid by the client, including, without limitation, due diligence fees and expenses, brokerage commissions, the costs of products and services relating to transaction execution and related items (please refer to the Brokerage Practices section for more information), clearing and settlement charges, custodial fees, hedging expenses, bank service fees, interest expenses, expenses related to proposed investments that have not been consummated and income, withholding or transfer taxes.

Performance Based Fees and Side-by-Side Management

Carleon does not charge performance-based fees to clients.

Types of Clients

Carleon primarily serves as an investment manager or adviser to collective investment vehicles and high net worth individuals, including private investment partnerships organized to invest with third-party managers and in other financial instruments.

Details concerning applicable investor suitability criteria are set forth in the respective Partnership's offering documents and subscription application materials. Although Carleon has the authority, subject to the approval of the Partnership's General Partner, to accept subscriptions for lesser amounts, the minimum investment in the Partnerships ranges from \$5 million to \$10 million. Each investor is required to meet certain suitability qualifications, such as being a "qualified purchaser" as defined in the Investment Company Act.

Methods of Analysis, Investment Strategies and Risk of Loss

Although there is no limitation to the type of security that may be purchased for the Partnerships, a significant portion of the Partnerships' assets will be invested in other Portfolio Funds and or separately managed accounts across a broad set of asset classes and investment strategies, including both traditional assets as well as alternative assets.

Carleon endeavors to use its network as a primary tool in "sourcing" potential third-party investment managers for clients. Carleon invests client assets with third-party investment managers that utilize a variety of investment strategies, which may include, but are not limited to:

- US Equities
- International Developed Equities
- International Emerging Equities
- Hedge Funds
- Fixed-Income
- Private Equity
- Real Assets

Any third-party investment manager being considered must be thoroughly researched by Carleon's investment team and approved by a consensus of our Investment Committee. Carleon's investment approach is driven by fundamentals and aided by sophisticated analytics. A proprietary risk analytics model is used to develop an overall asset allocation. Investment and operational due diligence is then performed to evaluate Portfolio Funds for portfolio construction. We aim to invest in a manner that takes tax efficiency into account wherever possible and appropriate.

With respect to Non-Fund Clients, investment objectives are identified by assessing the Non-Fund Client's risk tolerance based, among other things, upon their age, income, education, cash flow needs, investment

goals, investment policy statement, and/or tolerance for volatility. The information provided by the Non-Fund Client will be collected during meetings, interviews, and/or through questionnaires with the Non-Fund Client. Strategies are developed and implemented through an optimal combination of third-party managed separate accounts and funds.

Risk of Loss

All investing involves a risk of loss that clients should be prepared to bear. The identification of securities and other assets believed to be undervalued is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired by third-party managers or funds. Carleon cannot give any guarantee that it will achieve a client's investment objectives or that clients will receive a return on their investment. Below is a summary of potentially material risks for each significant Carleon investment strategy used, the methods of analysis used, and/or the particular type of security recommended.

- *Lack of Control* - Carleon will not have a role in the management of clients' third-party managed accounts and it may not have the opportunity to evaluate in advance the specific investments made by any third-party managers. As a result, the rates of return to clients will primarily depend upon the choice of investments and other investment and management decisions of third-party managers, and returns could be adversely affected by the unfavorable performance of such managers. Carleon depends on third-party managers to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in operations may cause the client accounts to suffer financial losses. With respect to Non-Fund Clients, clients may decide to choose and make their own investments.
- *Key Personnel* - Carleon and other key personnel involved in the activities of a Partnership, a General Partner and/or their affiliates have no affirmative obligation to dedicate their time or attention to the affairs of a Partnership, nor are they restricted from engaging in activities that may be deemed competitive to a Partnership. Accordingly, there could be potential conflicts regarding their devotion of time to a Partnership and investment vehicles that compete with a Partnership for investment opportunities. This risk also applies to Non-Fund Clients.
- *Investors will be bound by Valuations of the Partnership that are Ultimately Determined by a General Partner, Carleon and their Affiliates* -The assets of a Partnership will generally be valued by the relevant Partnership in accordance with the Partnership's respective governing documents (subject to a General Partner and Carleon varying such values when deemed appropriate). In general, a General Partner and Carleon (or their designees) are permitted to value certain investments as they reasonably determine. A Partnership may have similar discretion with respect to certain assets in the Partnership's portfolios. There is no guarantee that any independent valuation obtained or determined by a Partnership or any Partnership or any other party, will represent the value that will be realized by a Partnership or the relevant Partnership on the eventual disposition of the investment or that could, in fact, be realized upon an immediate disposition of the investment. General fluctuations in the market prices of securities may affect the value of investments held by the Portfolio Funds. Volatility and instability in the securities markets may also increase the risks inherent in the investments of the Portfolio Funds. Non-Fund Clients may also face valuation risks, as Carleon will generally rely on valuations provided by third-party managers.
- *Limited liquidity of the Interests; Transfers and Withdrawals* - An investment in a Partnership is suitable only for certain sophisticated investors who have no need for immediate liquidity in the investment. A Partnership's Interests are not freely transferable and an investor may be able to dispose of their Interests only by means of the Partnership's withdrawal privileges. The risk of any

decline in the value of an investment in a Partnership during the period following a minimum notice of withdrawal is borne by the investor. A Partnership may require an investor to redeem some or all of their Interest, or may suspend withdrawals under certain circumstances. Such mandatory withdrawals or suspension of withdrawals could have adverse tax and/or economic consequences to investors. Interests in a Partnership have not been registered under the 1933 Act, or applicable securities laws of any state or non-U.S. jurisdiction. Therefore, the Interests cannot be resold unless subsequently registered under the 1933 Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration of the Interests under the 1933 Act or other securities laws will ever be affected. There is no active public market for the Interests in a Partnership (including interests in a Special Investment Account, if applicable) and none is expected to develop. Accordingly, it may also be difficult to obtain reliable information about the value of the Interests. In addition, the Interests are not transferable except with the consent of a Partnership's General Partner, which it may withhold in its sole discretion. Consequently, Investors may not be able to liquidate their investments for an extended period of time and should therefore be prepared to bear the economic risk of an investment for an indefinite period. Non-Fund Clients face comparable liquidity risks, as liquidity in third-party manager investments may be comparable to the liquidity risks of investing in a Partnership. Prior to executing an agreement, Non-Fund Clients should review the liquidity terms of an investment with a third-party manager(s).

Disciplinary Information

Carleon and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Other Financial Industry Activities and Affiliations

Carleon has a related entity, Roundtable Capital Services LLC, which is a broker-dealer. Certain principals of Carleon may also be principals of the broker-dealer. As Carleon does not trade in specific securities through Roundtable Capital Services LLC for its client accounts, no conflict of interest is anticipated to exist.

RT Investment Holdings GP LLC, an affiliate of Carleon, serves as the general partner to certain of the Partnerships. Principals of Carleon are also Principals of the general partner or its affiliates and may also serve as members of the Board of Directors for any offshore Partnerships. Carleon has been retained by the Partnerships to serve as the investment adviser and/or investment manager and is responsible for the management of Partnership assets. A significant portion of the Partnerships' assets are expected to be invested in Portfolio Funds, potentially including Portfolio Funds managed by related persons of Carleon or in whose manager Carleon's related persons has an interest. The Portfolio Funds may have any type of investment strategy including (but not limited to) U.S. equities, international developed and emerging equities, fixed income, hedge funds, private equity and real asset strategies.

Interests in the Partnerships that are collective investment vehicles and sponsored by an affiliate of Carleon are not registered under the Securities Act of 1933, as amended, and are also not registered under the Investment Company Act of 1940, as amended. Accordingly, investments in any such Partnership, of which Carleon or RT Investment Holdings GP LLC is a general partner or manager, are conducted on a private placement basis and prospective investors may be solicited only by means of the current prospectus or private placement memorandum of the relevant Partnership. Interests are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions

within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions and other entities.

Carleon, its principals or a related entity will have a material investment in some or all of the Partnerships. Therefore, Carleon may be considered to participate in transactions effected for those clients. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the applicable Partnership's offering document.

The Partnership Agreement provides that the General Partner or manager has exclusive and absolute discretion and authority in managing and controlling the business and affairs of the Partnership, including the appointment of Carleon as investment manager of the Partnership, subject only to specific and express limitations in the Limited Partnership Agreement. The General Partner may exercise this discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances, without accountability to the Partnership or any Limited Partner.

Please see the section directly below for more information regarding Carleon's relationships with affiliates, and (potential) conflicts resulting from such relationships.

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

There may be apparent and potential conflicts of interest between Carleon, its affiliates, and its principals on the one hand, and their clients, on the other hand. Among the conflicts that a potential client of Carleon may wish to consider are the following:

By virtue of entering into a Subscription Agreement, investors consent to a Partnership entering into principal transactions and cross transactions to the fullest extent permitted under applicable law. Such consent may be revoked by investors. Where a Partnership seeks to enter into principal transactions and cross transactions, Carleon intends to comply with the requirements of Section 206(3) of the Advisers Act and the rules thereunder, to the extent applicable, by appointing one or more third parties unaffiliated with the General Partner, Carleon and their affiliates (the "Independent Client Representative") to review and approve on behalf of the Partnership, to the extent required by Section 206(3) of the Advisers Act and the rules thereunder, such principal transactions and cross transactions. Appointment of the Independent Client Representative will be in the Investment Manager's sole and absolute discretion.

From time to time, investment opportunities suitable for Carleon clients may be identified by control persons of the investment adviser. In all instances, these opportunities will be made available to clients before associated persons and entities such persons control.

From time to time, minority investors in Carleon's affiliates may become aware of other investment opportunities. These minority investors do not render investment advice and are not involved in the day to day operation of Carleon or its affiliates. While certain of these investments may also be suitable for Carleon clients, they will not be offered to Carleon's affiliates before they are allocated to Carleon's clients. This practice may present a potential conflict of interest between the interest of Carleon clients and investors and the interests of the Carleon control persons. To mitigate this conflict, Carleon has adopted policies and procedures designed to ensure that allocations do not involve a practice of favoring or discriminating against any client or group of clients.

With respect to Non-Fund Clients, Carleon has an inherent conflict of interest to recommend the Partnerships. The Company has adopted and implemented written compliance policies and procedures that

are designed to mitigate conflicts of interest. For example, if a Non-Fund Client invests in a Partnership, the Non-Fund Client's fee may be reduced by any Partnership management fees charged to the Non-Fund Client. The Company further mitigates our conflicts primarily through our policy to act in the best interests of our clients and to disclose (potential) conflicts of interest to clients and investors.

Carleon, its officers, directors, employees and other related persons may purchase, on a limited basis, securities that may also be recommended to the Partnerships. To mitigate any potential conflicts of interest involving personal trades, Carleon has adopted a Code of Ethics ("Code"), which includes personal securities transactions and insider trading policies and procedures. Carleon's Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Carleon above one's own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with the Code;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

Carleon's Code also requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Carleon with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of Carleon's Code shall be provided to any client or prospective client upon request.

Brokerage Practices

Ordinarily the Partnerships will invest in Portfolio Funds directly and without the involvement of any

financial intermediary such as a broker-dealer. Thus commissions are not ordinarily payable in connection with such investments. However, Carleon may, on occasion, recommend the purchase of ETFs for the Partnerships which will involve the services of a broker-dealer. To the limited extent that Carleon engages in transactions other than investments in Portfolio Funds, Carleon has the authority to determine the financial intermediaries to be used in connection with such transactions. In making its decisions regarding the allocation of brokerage transactions for the Partnerships, Carleon seeks to obtain the best execution, taking into account the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer and (iv) the competitiveness of commission rates in comparison with other broker-dealers satisfying Carleon's other selection criteria. Although Carleon generally seeks competitive commission rates and commission equivalents, it may not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

As previously disclosed, Carleon invests client assets primarily with third-party managers. Should a Carleon Partnership(s) engage in a securities transaction, orders for the same security entered on behalf of more than one Partnership will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating Partnerships. Instances in which Partnership orders will not be aggregated include, but are not limited to, the following: tax, legal, regulatory, cash availability, or other administrative reasons. As applicable, Carleon does not anticipate non-Fund Client securities orders to be aggregated with the Partnerships, as Non-Fund clients ultimately decide their investments and the timing of transactions. The primary cost associated with not aggregating is that clients may receive differing execution prices.

Carleon's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way taking into account clients' and Partnerships' best interests. Carleon will follow procedures to ensure that allocations do not involve a practice of favoring or discriminating against any client, Partnership or group of clients or Partnerships.

Review of Accounts

Generally, client accounts are reviewed on a continuous basis by the Principals of Carleon. These reviews are designed to monitor and analyze client transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels. With respect to Non-Fund Clients, the portfolio receives a formal review no less frequently than quarterly. This review includes an assessment of asset allocation and investments, and is carried out by investment personnel of Carleon.

Carleon provides clients with written monthly/quarterly reports detailing their portfolio holdings and performance. No less frequently than quarterly, non-discretionary clients receive an asset allocation report. In addition, the limited partnerships to which Carleon or a related person provides discretionary investment advice generally furnish each investor in the partnerships with: (1) annual audited financial statements prepared in accordance with U.S. generally accepted accounting principles and (2) quarterly reports which include a statement of the net asset value of the investor's interest in the relevant partnership. In addition, Carleon or a related person may agree to provide certain investors more frequent or more detailed reports of the limited partnerships' portfolio holdings or performance.

Client Referrals and Other Compensation

The Company does not directly or indirectly compensate any person, who is not our supervised person, for client referrals.

Custody

Client assets are held in custody by unaffiliated broker/dealers or banks. However, Carleon has access to Partnership assets since it or a related person serves as the managing member or general partner of a Partnership. To comply with the Advisers Act Custody Rule (i.e. Rule 206(4)-2) and to provide meaningful protection to investors, the Partnerships are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting standards, and are distributed to investors within 180 days of a Partnership's fiscal year end.

Investment Discretion

Carleon serves as an investment manager or adviser to the Partnerships and generally has complete discretion and authority to manage and direct the investment of capital for the Partnerships. This authority is provided to Carleon through an advisory agreement signed with a Partnership. Any limitations on Carleon's authority is included in Partnership offering documents, advisory agreements, investor side letters, and/or the Company's internal compliance policies and procedures.

Voting Client Securities

Carleon's third-party managers shall vote the majority of Carleon's clients' proxies. However, Carleon anticipates situations to arise, most notably with ETFs, where the Company may vote a clients' proxy. As a result, the Company has adopted and implemented proxy voting policies and procedures. Carleon will never accept proxy voting authority or advise on particular solicitations for any Non-Fund client. Clients may not direct Carleon to vote proxies in a particular solicitation. Non-Fund Clients should contact their third-party managers and/or custodian(s) with questions about receiving proxies and the process for the client to execute voting on such proxies.

Carleon's policy is to vote proxies in the interest of maximizing value for its clients. To that end, Carleon will vote in a way that it believes, consistent with its fiduciary duty, will cause the security to increase the most or decline the least in value. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Carleon has currently identified no conflicts of interest between our client interests and our own within our proxy voting process. Nevertheless, if we determine that Carleon is facing a material conflict of interest in voting client proxies, our procedures provide for an Investment Committee to convene and to determine the appropriate vote. Decisions of the Committee must be unanimous. If a unanimous decision cannot be reached by the Committee, a competent third party will be engaged, at our expense, who will determine the vote that will maximize client value. As an added protection, the third party's decision is binding.

Our complete proxy voting policy and procedures are memorialized in writing and are available for your review. In addition, our complete proxy voting record is available to our clients, and only to our clients. Please contact Carleon if you have any questions or if you would like to review either of these documents.

In addition, if “Class Action” documents are received by Carleon on behalf of the Partnerships, Carleon and/or General Partner will ensure that the Partnerships either participate in, or opt out of, any class action settlements received. Carleon will determine if it is in the best interest of the Partnerships to recover monies from a class action. The Portfolio Manager/Analyst covering the company will determine the action to be taken when receiving class action notices. In the event that Carleon opts out of a class action settlement, Carleon will maintain documentation of any cost/benefit analysis to support its decision.

Financial Information

Carleon has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.