

Item 1. *Cover Page*

**Part 2A of Form ADV: Firm Brochure**

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**The date of this brochure is March 28, 2014.**

**This document is a “brochure.” This brochure provides information about the qualifications and business practices of Carpenter Fund Manager GP, LLC. If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer of Carpenter Fund Manager GP, LLC, James B. Jones, at (949) 261-8888 or e-mail us at [jjones@carpentercompany.com](mailto:jjones@carpentercompany.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 Carpenter Fund Manager GP, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Carpenter Fund Manager GP, LLC is a “registered investment adviser” with the SEC. Registration as an “investment adviser” with the SEC does not imply a certain level of skill or training. You are encouraged to review this Brochure and the Brochure Supplement for more information on the qualifications of our firm and its employees.**

**Item 2.**            ***Material Changes.*** Since its most recent annual update to its Form ADV Part 2A (brochure) dated March 28, 2013, Carpenter Fund Manager GP, LLC (the “General Partner”) has amended its brochure to reflect the following material changes:

James B. Jones has replaced Robert Sjogren as the General Partner’s Chief Compliance Officer and public contact person.

The General Partner’s assets under management as of December 31, 2013 are \$372 million.

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**Item 4.           *Advisory Business***

A. Advisory Firm. Carpenter Fund Manager GP, LLC (the “General Partner”) was formed in 2007 and acts as the sole general partner to one or more investment funds (each such fund, a “Fund”). Each Fund is a Delaware limited partnership. The General Partner or its affiliates may act as general partner and provide additional investment advisory services to each Fund and other funds or clients in the future. The General Partner is managed by Edward J. Carpenter, Howard N. Gould, James B. Jones, John D. Flemming and Arthur A. Hidalgo (the “Managing Members”). No Managing Member or other principal owns 25% or more of the General Partner.

Each Fund and the General Partner is a registered bank holding company, and in that capacity is regulated by the Federal Reserve System. Several banks or bank holding companies are related persons of the General Partner.

B. Advisory Services. For each Fund, the General Partner will provide investment advisory services with respect to a variety of investments, including, without limitation, privately and publicly issued securities of corporations, which meet the investment strategies specified in the Confidential Private Placement Memorandum of Carpenter Community BancFund-A, L.P. and the limited partnership agreement of each Fund. Currently, the General Partner advises its Funds about investing in privately-negotiated equity and equity-related investments in a select group of community banks. The General Partner’s investment advice with respect to each Fund is generally limited to the foregoing types of investments.

C. Tailoring of Investment Advice to Clients. Each Fund’s limited partnership agreement places certain restrictions on that Fund’s investments, such as, for example, single position limits and limits on foreign investments. The General Partner tailors its investment advice to each Fund by causing each Fund to make investments in accordance with the investment guidelines and limitations set forth in that Fund’s limited partnership agreement. With respect to selecting, managing and structuring

investments for each Fund, the General Partner tailors its investment advice to the investment objectives of that Fund rather than to the investment objectives of any particular investor in that Fund.

D. The General Partner does not participate in wrap fee programs.

E. Assets under Management. As of December 31, 2013, the General Partner manages on a discretionary basis aggregate assets, plus unfunded committed capital, of approximately \$372 million. The General Partner does not manage any assets on a non-discretionary basis as of December 31, 2013.

**Item 5. *Fees and Compensation.***

A. Management Fees. In consideration of the investment advisory services provided by the General Partner, each Fund pays the General Partner or its designated affiliate a quarterly management fee. Under each Fund's limited partnership agreement, the quarterly management fee payable by that Fund until the termination of that Fund's "Commitment Period" equals 0.5% of the Fund's aggregate capital commitments, and thereafter 0.375% of that Fund's funded capital commitments, reduced proportionately by the cost of realized investments. Quarterly installments of management fees are payable in advance, on January 1, April 1, July 1 and October 1 of each year.

Other Fees. The General Partner or one or more of its affiliates may receive cash or non-cash commitment, break-up, topping, termination, monitoring, directors, organizational, set-up, advisory, investment banking, underwriting, syndication and other similar fees in connection with the actual or prospective purchases or dispositions of specified investments. Subject to certain carve-outs, management fees at the level of each Fund will be reduced by 100% of such Fund's proportionate share of such fees, reduced by the General Partner's unreimbursed out-of-pocket expenses incurred in actual or prospective transactions giving rise to such fees.

Carried Interest. Distributions will be made to the Partners pursuant to a distribution waterfall specified in the limited partnership agreement of each Fund. Each Fund has a distribution waterfall for disposition proceeds and a distribution waterfall for current proceeds. In general, each distribution waterfall provides for distributions (i) first, to investors until they receive distributions equal to the cost and expenses associated with the Fund's realized investments, (ii) then, to investors until they have received a cumulative compounded preferred return of 8% per annum on invested capital in the Fund's realized investments, (iii) then, to the General Partner until it receives "Carried Interest" distributions equal to 20% of the Fund's net profits, and (iv) then, 80% to investors and 20% to the General Partner as a "Carried Interest" distribution.

The above fees are currently not negotiable.

B. Deduction of Fees. The General Partner is permitted to deduct fees from Fund assets. Management fees are deducted from Fund assets on a quarterly basis on January 1, April 1, July 1 and October 1 of each year. Carried Interest distributions are deducted from Fund assets when distributions of disposition proceeds and current income are made under the distribution waterfalls discussed in Item 5.A of Part 2A (brochure) of Form ADV.

C. Other Expenses. Each Fund bears the costs and expenses of the Fund's operations as specified in that Fund's limited partnership agreement. Fund expenses may include, without limitation, (i) fees, costs and expenses of any administrators, custodians, consultants, brokers, appraisers, attorneys, accountants and other agents; (ii) out-of-pocket fees, costs and expenses, if any, incurred in developing, negotiating, structuring, holding and disposing of actual investments; (iii) certain broken deal expenses; (iv) brokerage commissions, custodial expenses and other investments costs; (v) interest on and fees and expenses arising out of all borrowings made by the Fund; (vi) the costs of any litigation, directors and officers liability or other insurance and indemnification or extraordinary

expense or liability relating to the affairs of the Fund; (vii) expenses of liquidating the Fund; (viii) taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (ix) corporation blocker expenses; (x) out-of-pocket expenses of the advisory committee of the Fund (the “Advisory Committee”); and (xi) expenses incurred by the Fund in connection with registering as a bank holding company.

Although each Fund initially will not incur brokerage fees, each Fund may in the future incur brokerage costs in connection with investments acquired or disposed of via broker-dealers. See Item 12 of Part 2A (brochure) of Form ADV for a discussion of the General Partner’s brokerage practices.

**D. Management Fees.** In general, quarterly installments of management fees are payable by each Fund in advance, on January 1, April 1, July 1 and October 1 of each year. Each Fund may make Carried Interest distributions prior to the date when all capital has been returned to investors, which could result in the General Partner receiving Carried Interest distributions before an investor receives a return of capital and its preferred return on a back-end basis.

In general, investors are not permitted to withdraw from the Funds or terminate any of the Funds, except under certain extraordinary circumstances. It is therefore not anticipated that investors will have a need to obtain a refund of pre-paid fees in the event an advisory contract is terminated. Nonetheless, if there is such a need, the General Partner will refund a pro rata portion of management fees based on the amount of remaining days in the applicable quarter.

**E.** Neither the General Partner, nor its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

**Item 6. *Performance-Based Fees and Side-by-Side Management.*** The General Partner manages each Fund simultaneously. The General Partner receives both performance-based Carried Interest distributions and asset-based fees from each Fund as described above in Item 5.A of Part 2A (brochure) of Form ADV. The General Partner does not believe that it has a conflict of interest to favor one Fund over another Fund, since each Fund may make comparable performance-based Carried Interest distributions and pay comparable asset-based fees.

**Item 7. *Types of Clients.*** Types of Clients. The General Partner provides investment advisory services to each Fund. Pension plans, trusts, investment companies and individuals have invested in the Funds. Interests in each Fund were offered to investors who qualify as (i) “accredited investors” as defined in Regulation D promulgated under the Securities Act of 1933, as amended (“Securities Act”), and (ii) “qualified clients” as defined in the Investment Advisers Act of 1940, as amended (“Advisers Act”).

Minimum Capital Commitments. The Funds are not open to new investors. The minimum capital commitment that an investor was required to invest in each Fund varied. The minimum capital commitment was \$500,000 for the Carpenter Community BancFund, L.P.; \$5 million for the Carpenter Community BancFund-A, L.P.; and \$250,000 for the Carpenter Community BancFund-CA, L.P. Each minimum was subject to waiver by the General Partner.

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

**A. Methods of Analysis.** The General Partner uses fundamental analysis, and relies upon inspections of corporate activities, SEC filings and company press releases. The General Partner primarily analyzes potential investments based on strong management, suitable business plans and attractive markets.

Investment Strategies. The General Partner has made, and expects to continue to make, privately-negotiated equity and equity-related investments in a select group of community banks positioned for expansion. Modest levels of leverage at the portfolio company level may be used, consistent with bank regulatory limits. As investments in portfolio companies mature, the General Partner expects to use M&A markets to exit such investments, although public markets may also form an important part of each Fund's portfolio management strategy.

Investing in securities of each Fund involves risk of loss that Fund partners should be prepared to bear. Certain material risks are summarized in Item 8.B of Part 2A (brochure) of Form ADV.

B. Material Risks. Potential investors should be aware that an investment in each Fund involves a high degree of risk. There can be no assurance that a Fund's investment strategies will be achieved, or that an investor will receive a return of its capital. In addition, there will be occasions when the General Partner and its affiliates may encounter conflicts of interest in connection with a Fund. An expanded discussion of risks and conflicts of interest can be found in each Fund's private placement memorandum. A discussion of these "material" risks and conflicts of interest is set forth below.

*Highly Competitive Market for Investment Opportunities.* The activity of identifying, completing and realizing attractive private equity investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that the General Partner will be able to locate, consummate and exit investments for the Funds that realize value, satisfy the rate of return objectives of the Funds or cause the Funds to invest all of their committed capital. An investment in any of the Funds may result in the partial or total loss of capital.

*Fundamental Analysis Risk.* Each Fund involves the buying and selling of investments based on economic, financial and market analysis and investment judgment. A Fund managed according to the General Partner's fundamental strategy is subject to risk that investments chosen by the General Partner for the Fund may fail to perform as expected.

*Favorable Environment for Investment in Community Banks.* Currently, the conditions for investment in community and customer-focused banks may be favorable. However, no assurance can be given that those favorable conditions will continue, and, in fact, those conditions could change suddenly or over an extended period of time.

*Newly Formed Banks may Incur Significant Operating Losses.* Newly-formed and young banks are expected to incur operating losses in their early periods of operation because of an inability to generate sufficient net interest income to cover operating costs. Newly-formed and young banks may never become profitable. Current accounting rules require immediate write-off, rather than capitalization, of start-up costs and, as a result, newly-formed and young banks are expected to report larger early period operating losses. Those operating losses can be significant and can occur for longer periods than planned depending upon the ability to control operating expenses and generate net interest income, which could affect the availability of earnings retained to support future growth of such newly formed or young banks.

*Limits on the Size of Loans.* Regulatory limits on the Funds' portfolio companies will constrain the size and profitability associated with any loans that they may make. In addition, their competitors may have significantly larger capitalization and an ability to make significantly larger loans than the portfolio companies. Any inability to offer larger loans will limit the revenues that can be earned from interest amounts charged on larger loan balances. In addition, the performance of the Funds' portfolio companies will, regardless of loan size, be dependent upon their ability to attract and retain customers in their respective markets that are dominated by substantially larger regulated and unregulated financial institutions.

*Competition in Banking Industry.* Increased competition in the markets in which the Funds' portfolio companies operate may result in reduced loans and deposits. Ultimately, a portfolio company may not be able to compete successfully against current and future competitors. Many competitors offer the banking services that the Funds' portfolio companies will offer. Such competitors include national banks, regional banks and other community banks. The Funds' portfolio companies also face competition from many other types of financial institutions, including savings and loan associations, financing companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. In particular, such potential competitors include major financial companies whose greater resources may afford them a marketplace advantage by enabling them to maintain numerous locations and extensive promotional and advertising campaigns. Technological innovation contributes to greater competition in domestic and international financial services markets as advances in communication enable more companies to provide financial services over larger regions.

*Limited Market Areas.* The Funds' portfolio companies will generally operate within discrete geographical markets. As a result of such lack of geographical diversity, an economic downturn in the market in which a portfolio company operates could adversely affect the banking business of such portfolio company.

*Recruiting and Retaining Qualified Personnel.* The Funds' portfolio companies will be dependent upon their continuing ability to attract and retain highly qualified personnel. Competition for such employees among financial institutions is intense.

*Third-Party Service Providers.* The Funds' portfolio companies may rely heavily on third-party service providers for much of their communications, information, operating and financial control systems technology, including customer relationship management, general ledger, deposit, servicing and loan origination systems. Any failure or interruption or breach in security of such systems could result in failures or interruptions in the portfolio companies' customer relationship management, general ledger, deposit, servicing and/or loan originations systems.

*Technology-Based Frauds and Scams.* Financial institutions are prime targets of criminal activities through various channels of information technology. Risks posed by business interruption, fraud losses, business recovery expenses, and other potential losses or expenses that may be experienced from a significant event are not readily predictable or avoidable.

*Banking Regulators Have Broad Enforcement Powers; Examinations; Regulations Protect Depositors, not Investors.* Banks are subject to supervision by several governmental regulatory agencies, including the Federal Reserve Board of Governors ("FRB"), the Federal Deposit Insurance Corporation and state banking regulators. Regulations promulgated by such agencies, as well as their interpretation and application by regulators, are beyond the control of the Funds' portfolio companies, may change rapidly and unpredictably and can be expected to influence the earnings and growth of the Funds' portfolio companies. Banks also undergo periodic examinations by one or more regulatory agencies. Following such examinations, the Funds' portfolio companies may be required, among other things, to change their asset valuations or the amounts of required loan loss allowances or to restrict its operations.

In addition, such regulations may limit the growth of the Funds' portfolio companies and the return to their investors by restricting activities such as the payment of dividends, mergers with, or acquisitions of, other institutions, investments, loans and interest rates, interest rates paid on deposits and the creation of branch offices. Although such regulations will impose costs upon the Funds' portfolio companies, any investor in any of the Funds should not assume that such regulations protect the interests of any Fund as a shareholder in its portfolio companies. The regulations to which the portfolio companies are subject may not always be in the best interests of investors.

*Bank Holding Company Act Requirements.* Each Fund has registered as a bank holding company under the Federal Bank Holding Company Act of 1956, as amended (the “Bank Holding Company Act”). The Bank Holding Company Act generally prohibits a bank holding company from (1) acquiring, directly or indirectly, more than 5% of the outstanding shares of any class of voting securities of a bank or bank holding company, (2) acquiring control of a bank or another bank holding company, (3) acquiring all or substantially all the assets of a bank, or (4) merging or consolidating with another bank holding company, without first obtaining FRB approval. No assurance can be given that a Fund will obtain the FRB approvals necessary to operate such Fund’s business in a manner that will maximize returns to investors. In addition, the Federal Change In Bank Control Act of 1978 and various state laws impose limitations on the ability of one or more individuals or other entities to acquire control of banks or bank holding companies.

The FRB has issued a policy statement on the payment of cash dividends by bank holding companies. In the policy statement, the FRB expressed its view that a bank holding company experiencing earnings weaknesses should not pay cash dividends which exceed its net income or which could only be funded in ways that would weaken its financial health, such as by borrowing. The FRB also may impose limitations on the payment of dividends as a condition to its approval of certain applications, including applications for approval of mergers and acquisitions.

*Regulatory Limitations on Change of Control.* With certain limited exceptions, federal regulations prohibit a person or company or a group of persons deemed to be “acting in concert” from, directly or indirectly, acquiring more than 10% (5% if the acquirer is a bank holding company as discussed above) of any class of a bank holding company’s voting stock or obtaining the ability to control in any manner the election of a majority of directors or otherwise direct the management or policies of a bank holding company without prior notice or application to and the approval of the FRB.

*Liability for an Undercapitalized Subsidiary Bank.* Under federal law, a bank holding company may be required to guarantee a capital plan filed by an undercapitalized bank or thrift subsidiary with its primary regulator. If the subsidiary defaults under the plan, the holding company may be required to contribute to the capital of the subsidiary bank an amount equal to the lesser of 5% of the bank’s assets at the time it became undercapitalized or the amount necessary to bring the bank into compliance with applicable capital standards. These requirements may force a Fund to provide guarantees or make contributions it would not have elected to provide or make in the absence of such laws.

*Volcker Rule.* President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) in 2010. Regulations that could affect the Funds include the “Volcker Rule”, as well as a new framework for the regulation of derivatives, and new regulations on advisers to hedge and private equity funds. Under the Volcker Rule, “banking entities” may not acquire or retain any ownership interest in or sponsor a “hedge fund” or a “private equity fund,” but a banking entity may sponsor and make small investments in such funds that are organized in the banking entity’s fiduciary or advisory capacity for sale to its customers. In general, existing investments or sponsorships may remain in place for at least two years after July 21, 2012, with possible extensions of up to eight years; no new investments or sponsorships may be undertaken, other than those permitted by the Volcker Rule. The term “banking entity” is defined generally to include any insured depository institution (as defined in section 3 of the Federal Deposit Insurance Act), any company that controls an insured depository institution or that is treated as a bank holding company for purposes of section 8 of the International Banking Act of 1978, and any affiliate or subsidiary of any such entity, subject to certain carve-outs. The prohibitions in the Dodd-Frank Act were set to take effect on July 21, 2012. Several federal regulators are involved in developing rules to implement the Volcker Rule, but these rules are unlikely to be finished before the effective date. These rules will have a substantial impact on compliance efforts and the scope of permissible activities, but we cannot predict the nature of the impact.



*Changes in Economic Conditions.* The businesses of the Funds' portfolio companies will be directly affected by factors such as economic, political and market conditions, broad trends in industry and finance, legislative and regulatory changes, changes in government monetary and fiscal policies and inflation.

*Downturn in the Real Estate Market Could Diminish Portfolio Value.* A downturn in the real estate market could hurt the Funds' portfolio companies because many of their loans may be secured by real estate. Real estate values and real estate markets are generally affected by changes in national, regional or local economic conditions, fluctuations in interest rates and the availability of loans to potential purchasers, changes in tax laws and other governmental statutes, regulations and policies and acts of nature.

*Allowances for Loan Losses May Prove Inadequate.* Depending on changes in economic, operating and other conditions (including interest rates) that are generally beyond the control of the General Partner or any portfolio company of a Fund, actual loan losses could be significantly greater than estimated losses. No assurance can be provided that the allowances used by the Funds' portfolio companies will be sufficient to cover actual future loan losses should such losses be realized. Loan loss experience, which is helpful in estimating the requirements for the allowance for loan losses at any given balance sheet date, will likely be minimal at many of such portfolio companies. Levels of nonperforming loans and related loan losses may increase as economic conditions and the residential housing market, on a local and national level, evolve.

*Changes in Market Interest Rates.* The profitability of the Funds' portfolio companies will depend in part on net interest income. Net interest income is the difference between interest income on interest-earning assets, such as loans, and interest expense on interest-bearing liabilities, such as deposits. Therefore, any change in general market interest rates, whether as a result of changes in monetary policies of the FRB or otherwise, can have a significant effect on net interest income. No assurance can be given that such portfolio companies will effectively minimize their interest rate risk. Furthermore, when differences between short-term and long-term interest rates shrink or disappear, the spread between rates paid on deposits and received on loans could narrow significantly, decreasing net interest income.

*Investments in Less Established Companies.* Investments in newer companies may involve greater risks than are generally associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources, and therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow.

*No Market for Interests; Restrictions on Transfers; No Withdrawals.* The interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction, and, therefore, cannot be resold, pledged, hypothecated or otherwise transferred unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration of such interests under the Securities Act or other securities laws will ever be effected. There is no public market for such interests and one is not expected to develop. An investor in a Fund will not be permitted to assign, sell, exchange, pledge, hypothecate or transfer any of its interests therein, or any of its rights or obligations with respect to such interests without the prior written consent of the General Partner. Except in extremely limited circumstances, investors will not be permitted to withdraw from the Funds.

*Illiquid and Long-Term Investments.* The return of capital and the realization of gains, if any, from an investment generally will occur only upon the partial or complete disposition of such investment.

While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the investment is made.

*No Assurance of Investment Return.* The Funds cannot provide assurance that they will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Funds will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein.

*Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of such Fund to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty.

*Uncertainty of Financial Projections.* The General Partner will generally establish the capital structure of a Fund's portfolio companies on the basis of financial projections for such portfolio companies. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections.

*Investments Longer than Term.* A Fund may make investments which may not be advantageously disposed of prior to the date such Fund will be dissolved. A Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

*Risk of Limited Number of Investments.* A Fund may participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be substantially adversely affected by the unfavorable performance of even a single investment.

*Non-Controlling Investments.* A Fund may hold a non-controlling interest in portfolio companies and may co-invest with third parties through joint ventures and other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have financial difficulties resulting in a negative impact on investments, have economic or business interests or goals which are inconsistent with those of a Fund, or be in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund may in certain circumstances be liable for the actions of its third-party co-investors.

*Material, Non-Public Information.* The Managing Members, the General Partner and certain affiliates of the General Partner may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information and may not be able to initiate a transaction or sale that it otherwise might have initiated absent such restrictions.

*Additional Capital.* Certain portfolio companies of the Funds may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. If the funds provided by such financings are not sufficient, a portfolio company may have to raise additional capital at an unfavorable price. There can be no assurance that such portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

*Contingent Liabilities on Disposition of Investments; Ability to Recall Distributions.* In connection with the disposition of an investment in a Fund's portfolio company, such Fund may be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. A Fund also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or with respect to certain

potential liabilities. In that regard, investors in a Fund may be required to return amounts distributed to them to fund obligations of such Fund, including indemnity obligations.

*Reliance on Carpenter Fund Manager GP, LLC.* The General Partner has exclusive responsibility for each Fund's activities. Investors in the Funds will not be able to make investment or any other decisions in the management of the Funds. There can be no assurance that any Managing Member will continue to be associated with the General Partner or its affiliates throughout the life of a Fund.

*Financial Market Fluctuations.* General fluctuations in the market prices of securities may affect the value of the Funds' investments.

*Geo-Political Conflict.* Any threats or acts of war, terrorism, international hostilities, boycotts or embargoes and actions taken by the U.S. or other governments as a result of such threats or acts may result in disruptions to U.S. and global capital markets, global supply chains, energy supplies and economic conditions. Depending on the extent and duration of such disruption, such acts or threats could adversely affect the business and economic and financial conditions of the Funds' portfolio companies in their U.S. and global operations.

*Indemnification.* Each Fund is required to indemnify the General Partner, its affiliates and each of their respective members, officers, directors, employees, stockholders, shareholders, partners and other persons who serve at the request of the General Partner on behalf of such Fund for liabilities incurred in connection with the affairs of such Fund, as provided in each Fund's limited partnership agreement. The indemnification obligation of a Fund would be payable from the assets of such Fund, including the unpaid commitments of Fund investors. If the assets of such Fund are insufficient, the General Partner may recall distributions previously made to investors in such Fund under limited circumstances, as provided in each Fund's limited partnership agreement.

*Reliance on Portfolio Company Management.* The day-to-day operations of each of the Funds' portfolio companies will be the responsibility of such portfolio company's management team. Although the General Partner will be responsible for monitoring the performance of each investment and generally intends to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to successfully operate a portfolio company in accordance with a Fund's plans.

*Hedging Policies/Risks.* In connection with the financing of certain investments, a Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. Such transactions may entail certain risks including, among others, unanticipated changes in interest rates, securities prices or currency exchange rates.

*Bridge Financings.* A Fund may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security, however, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the position taken by any of the Funds.

*Failure to Make Capital Contributions.* If any investor in a Fund fails to pay when due any installments of its capital commitment to such Fund, and the capital contributions made by non-defaulting investors and borrowings by such Fund may be inadequate to cover the defaulted capital contribution and such Fund may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties. If a Fund investor defaults, it may be subject to various

remedies as provided in such Fund's partnership agreement, including, without limitation, a forfeiture of its interests in such Fund.

*Diverse Investor Group.* Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds. In selecting, structuring and managing investments appropriate for the Fund, the General Partner will consider the investment and tax objectives of the Fund and its investors as a whole, not the investment, tax or other objectives of any single investor.

*Risks Arising from Provision of Managerial Assistance.* A Fund may be operated as a "venture capital operating company" ("VCOC") within the meaning of regulations promulgated under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Operating as a VCOC would require a Fund to obtain rights to participate substantially in and to influence substantially the conduct of the management of a number of such Fund's portfolio companies, which could expose the assets of such Fund to claims by a portfolio company, its security holders and its creditors.

*Other ERISA Considerations.* In the event a Fund is operated to qualify as a VCOC in order to avoid holding "plan assets" within the meaning of ERISA, such Fund may be restricted or precluded from making certain investments. In addition, it could be necessary for the General Partner to liquidate a Fund's investments at a disadvantageous time in order to comply with the VCOC rules.

*Legal, Tax and Regulatory Risks.* Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund, and such Fund's financial performance. Potential investors should consult with their legal, tax and other advisors regarding these and other risks of an investment in a Fund.

*Conflicts of Interest.* Investors should be aware that there will be occasions when the General Partner and its affiliates may encounter conflicts of interest in connection with a Fund. If any matter arises that the General Partner determines constitutes an actual conflict of interest, the General Partner may take such actions as may be necessary or appropriate to resolve the conflict (and upon taking such actions the General Partner will be relieved of any responsibility for such conflict). The following discussion lists certain additional conflicts of interest:

- *Carried Interest.* The existence of the General Partner's Carried Interest distributions may create an incentive for the General Partner to make riskier or more speculative investments on behalf of the Funds than would be the case in the absence of this arrangement. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property as determined by the General Partner. An independent appraisal generally will not be required and is not expected to be obtained.
- *Other Fees.* The General Partner and its affiliates may be entitled to receive cash and noncash commitment, break-up, monitoring, directors', organizational, set-up, advisory, investment banking, underwriting, syndication and other similar fees in connection with the purchase, monitoring or disposition of investments, or from unconsummated transactions including warrants, options, derivatives and other rights in respect of securities owned by a Fund. Such fees will offset the management fee as discussed above in Item 5.A of Part 2A (brochure) of Form ADV.
- *Other Activities of Carpenter and its Affiliates.* The Managing Members and their affiliates are actively engaged in the community banking business. In addition to their activities with respect to the Funds, certain Managing Members and their respective affiliates may continue to advise other clients with respect to forming, capitalizing and operating community bank investments, as well as providing advice with respect to potential exits from such investments. As a result of such current and future other business activities, there may arise conflicts of interest

with respect to the manner in which certain Managing Members and their affiliates allocate their time among the business and affairs of the General Partner, the Funds and such other activities.

- *Carpenter & Company Consulting.* Carpenter & Company is a financial services consulting organization owned and operated by certain Managing Members or their respective affiliates. For many years, Carpenter & Company provided consulting services on a fee basis to community banks, including to groups seeking to organize *de novo* community banks. Carpenter & Company may continue to provide these services to companies which are or may become portfolio companies of a Fund and will receive fees from such companies based on the kind and length of service and other factors.

- *Carpenter & Company's Affiliated Broker-Dealer.* Seapower Carpenter Capital, Inc. ("Seapower"), an affiliate of Carpenter & Company, is a registered broker/dealer and member of FINRA. Seapower is operated by certain Managing Members or their respective affiliates. From time to time, Seapower may be permitted to provide various investment banking services, including capital raising and other financial advisory services, to companies which are or may become portfolio companies of the Funds. No portfolio company, as a condition of the Fund's investing in the portfolio company, will be required to engage Seapower to provide any such services. Seapower does not serve as a market maker or firm commitment underwriter. The FINRA rules of conduct impose certain requirements and limitations on a broker/dealer, and persons associated with a broker/dealer, in connection with securities offerings. The General Partner expects that Seapower will comply with all applicable FINRA rules and other applicable laws and regulations. If a regulator determines that Seapower has failed to comply with such rules, laws and regulations for any reason, the Fund may be unable to participate, or its participation may be delayed, in certain securities offerings and such failure may have a material adverse effect on the Fund's financial performance.

- *Material Non-Public Information.* As a result of the extensive operations of Carpenter & Company and its affiliates, the General Partner and its affiliates may come into possession of confidential or material, non-public information. In the event any material, non-public information is disclosed to any members of the General Partner or its affiliates, the Funds may be prohibited by applicable securities laws and the General Partner's internal policies from acting upon any such information. Due to these restrictions, the Funds may not be able to sell a portfolio company investment that it otherwise might have sold which could impact the financial performance of the Funds.

- *Parallel Vehicles.* To facilitate investment by certain investors with a mandate to invest in the State of California, the General Partner formed Fund-CA to invest exclusively in portfolio companies located in the State of California. The General Partner will therefore have an incentive to favor Fund-CA when allocating State of California investment opportunities among the Funds. However, this risk is mitigated by the fact that Fund-CA has aggregate commitments of \$8,250,000, which represents less than 3% of the aggregate commitments of the Funds.

C. The General Partner focuses on recommending privately-negotiated equity and equity-related investments in a select group of community banks. The material risk factors and conflicts of interest set forth above in Item 8.B of Part 2A (brochure) of Form ADV set forth the material risks as well as any significant or unusual risks related to such recommendations.

**Item 9. *Disciplinary Information.*** There are no 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.

**Item 10.            *Other Financial Industry Activities and Affiliations.***

A. Relationship with Broker-Dealer. The General Partner is affiliated with Seapower, a registered broker-dealer and member of FINRA.

B. None of our management persons are registered, or have an application pending to register, as a future commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.

C. Broker-Dealer. The General Partner shares office space and may share certain overhead expenses with Seapower, but maintains separate and independent operations. Seapower is permitted to provide various investment banking services, including capital raising and other financial advisory services, to companies which are or may become portfolio companies of the Funds. In the event that such services were provided by Seapower, Seapower may be entitled to receive reasonable compensation or reimbursement of expenses. The General Partner's relationship with Seapower may give rise to conflicts of interest, which are disclosed under "Conflicts of Interest" above in Item 8.B of Part 2A (brochure) of Form ADV.

Pooled Investment Vehicles. The General Partner acts as the sole general partner and provides investment advisory services to the Funds. The relationship between the General Partner and the Funds is discussed above in Items 4 and 5 of Part 2A (brochure) of Form ADV. The General Partner's relationship with the Funds may give rise to conflicts of interest, which are disclosed under "Conflicts of Interest" above in Item 8.B of Part 2A of Form ADV.

Banking or Thrift Institutions. Each Fund and the General Partner is a registered bank holding company, and in that capacity is regulated by the Federal Reserve System. Since 2008, the General Partner has caused the Funds to acquire control interests in a number of banks with the result that several banks or bank holding companies are related persons of the General Partner. The relationship between the General Partner and the Funds is discussed above in Items 4 and 5 of Part 2A (brochure) of Form ADV. The relationship of the General Partner with the Funds may give rise to conflicts of interest, which are disclosed under "Conflicts of Interest" above in Item 8.B of Part 2A of Form ADV.

D. The General Partner does not recommend or select other investment advisers for its Funds. Carpenter Fund Management Company, LLC is a management services company affiliated with the Managing Members. There are no conflicts of interest that result from this delegation, since Carpenter Fund Management Company, LLC will be paid from management fees payable by the Funds to the General Partner and its affiliates.

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

A. Code of Ethics. The General Partner's Code of Ethics provides that the General Partner and its directors, officers and partners (or other persons occupying a similar status or performing similar functions), employees, and any other person that provides advice on behalf of the General Partner and is subject to the General Partner's supervision and control ("Supervised Persons"), will comply with, at all times, the General Partner's fiduciary duties to its clients.

The General Partner intends to comply with all applicable securities laws (including insider trading laws) and expects its Supervised Persons to comply as well.

"Access Persons" of the General Partner are subject to additional requirements. "Access Persons" include Supervised Persons who: (i) have access to nonpublic information regarding any Fund's purchases or sales of securities; or (ii) are involved in making securities recommendations to the Funds, or have access to such recommendations that are nonpublic.

The General Partner requires all of its Access Persons to report, and its Chief Compliance Officer to review, their personal securities transactions and holdings with respect to “reportable securities” periodically as required by Rule 204A-1(a)(3).

Every Access Person must obtain approval from the Chief Compliance Officer before engaging in any purchase or sale, either long or short, of any form of stock or derivative of any financial institution or financial institution holding company.

The General Partner’s Chief Compliance Officer will be responsible for enforcing the Code of Ethics. Each Supervised Person is expected to promptly report any violations of the Code, or the specific policies set forth above, to the General Partner’s Chief Compliance Officer. Each Supervised Person will be provided a copy of the General Partner’s Code of Ethics and any amendments.

The General Partner will provide a copy of its Code of Ethics policy to any client or prospective client upon written request.

**B. Recommendations Subject to a Conflict of Interest.** Following the end of the Commitment Period of the Funds, the General Partner and its related persons may recommend that an investor invest in investment funds in which the General Partner or its related persons have a material financial interest. The General Partner and its related persons may act as general partner or investment adviser to such investment funds, and may receive management fees and carried interest distributions from such investment funds. The General Partner will advise investors in such investment funds to consult their attorneys and to consult with independent tax advisers.

The General Partner may cause a Fund to engage in a purchase of an investment from or sale of an investment to another Fund as the counterparty if the purchase or sale meets the needs and investment objectives of the Funds involved. Such a transaction would generally be undertaken for the purpose of re-balancing ownership of the various portfolio companies between the Funds in accord with the parallel investment objectives of the Funds. If any conflict of interest were to arise, the General Partner would address this conflict by requiring that the Funds obtain consent as required by applicable law and under the organizational documents of the applicable Fund.

The General Partner may also cause one or more Funds to invest in securities or other interests sold or issued by entities in which the General Partner or a related party has a direct or indirect interest. Such interests may result from, among other things, a direct or indirect investment in the applicable entity or a member of the General Partner serving as an officer or director of the entity or because the General Partner receives advisory fees, directors fees or other fees from such entity. The General Partner will address this conflict of interest by requiring that the Funds obtain appropriate consent to the extent required by applicable law and under the organizational documents of the applicable Fund.

**C.** Subject to certain carve-outs, under the partnership agreement of the Funds, the General Partner and its affiliates are generally prohibited from investing outside of the Funds in any privately negotiated investments that are substantially similar to the investments targeted by the Funds in terms of type and geographical focus until the earlier of the expiration or termination of the Commitment Period. However, the General Partner and its affiliates will not be so prohibited with regard to the following:

- Investments in publicly traded securities other than open market purchases that are made in connection with or with a view to a contemplated privately negotiated transaction;
- Investments made by the General Partner’s professionals in each case not exceeding \$1 million individually or in the aggregate;

- Passive investments (meaning investments in which the person making such investment has only an immaterial role in any of the origination, the execution or the monitoring of such investment) if such passive personal investments are not made in Fund investments;
- Investment opportunities that are rejected by the General Partner's Investment Committee and which the Advisory Committee of the Fund consents to be pursued away from the Fund;
- Investments made by any portfolio company of any other investor advised by any affiliate of the General Partner;
- Real estate, technology and non-U.S. investments; and
- Investments in high-yield bonds, mezzanine securities or loans

As a result, in certain limited circumstances, the General Partner and its affiliates are permitted to invest in securities that it recommends to clients. The General Partner addresses this conflict of interest by limiting the circumstances in which personal trading can occur under the terms of each Fund's limited partnership agreement.

D. The General Partner and its related persons will not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that the General Partner or a related person buys or sells the same securities for the General Partner's own account (or account of a related person).

## **Item 12. *Brokerage Practices***

A. Best Execution. Initially, the Funds will invest in securities of corporations through non-public transactions which will not utilize broker-dealers. In the event that the General Partner does utilize brokerage services for any Fund, the General Partner intends to satisfy its duty of "best execution" and to "execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances." The General Partner will satisfy its duty of "best execution" by not always obtaining the lowest possible commission cost, provided that the transaction represents the best qualitative execution. In determining whether this standard is met, the General Partner will consider the full range and quality of a broker-dealer's services when placing brokerage, including, among other things, execution capability, commission rate, financial responsibility, responsiveness to the adviser, and the value of any research services provided.

1. Research and Other Soft Dollar Benefits. The General Partner does not currently receive soft dollar benefits from broker-dealers. In the typical "soft dollar" arrangement, client brokerage commissions (or markups or markdowns) are used to obtain research or other products or services, resulting in an investment adviser receiving a benefit as the investment adviser does not itself have to pay for such research, products or services. The concern with a typical "soft dollar" arrangement is that the investment adviser would have an incentive to select or recommend a broker-dealer because of its interest in receiving the research or other products or services, rather than on its clients' interest in receiving the most favorable execution. In the event the General Partner selects a broker-dealer because of the value of research or brokerage services, such "soft dollar" arrangements will comply with the best execution safe harbor Section 28(e) of the Securities Exchange Act of 1934, as amended.

2. Brokerage for Client Referrals. The General Partner does not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or third party.



3. Directed Brokerage. The General Partner does not routinely recommend, request or require that a client direct the General Partner to execute transactions through a specified broker-dealer. The General Partner does not permit a client to direct brokerage.

B. Trade Aggregation. The General Partner anticipates that it will not generally use broker-dealers to execute a Fund's investment transactions, and, consequently, trade aggregation will not be at issue. However, the General Partner expects to aggregate orders across its Funds when it has the opportunity to do so.

If the General Partner aggregates brokerage orders for its Funds for the purchase or sale of securities, the allocation of aggregated securities among its Funds will be undertaken on a fair and reasonable basis, taking into account any restrictions applicable to a Fund, the relative amounts of capital available for investment, the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals for each Fund and each such other investor and other considerations deemed relevant by the General Partner in good faith.

If aggregating such orders, no advisory client of the General Partner will be favored over any other client. Each Fund will participate in an aggregated order at the average share price for all of the General Partner's transactions in that security on any given day, with transaction costs shared *pro rata* based on participation. Prior to entering an aggregated order, the General Partner will prepare a written aggregation statement, specifying the participating Funds and method of allocation among Funds. Partially filled orders will be allocated *pro rata* based on the written aggregation statement. If an order must be allocated in a different manner from that in the written aggregation statement, all Funds must receive fair and equitable treatment and the written rationale for the departure must be approved by the General Partner's Chief Compliance Officer. The General Partner's books and records will separately reflect securities held by, or bought or sold for, Fund accounts that participate in the aggregation. The Funds' funds and securities will be deposited with custodians. The General Partner will receive no additional compensation or remuneration as a result of the aggregation.

### **Item 13.        *Review of Accounts***

A. Periodic Reviews. Each Fund's accounts will be reviewed on a continuous basis by certain members of the General Partner. These persons include Edward J. Carpenter, Howard N. Gould, James B. Jones, John D. Flemming and Arthur A. Hidalgo. Each Fund's accounts will be reviewed in light of emerging economic trends as well as developments in the competitive, financial and regulatory environments in which the Funds invest.

B. Non-Periodic Reviews. Since the General Partner reviews its Fund's accounts on a continuous basis, there are no factors that trigger review on a non-periodic basis.

C. Reporting. The General Partner prepares written quarterly reports for each Fund to distribute to its investors. Such quarterly reports include financial statements prepared in accordance with U.S. GAAP, schedule of changes to Capital Account balances and summary descriptions of each investment owned by each Fund as of each period. The General Partner also prepares written annual reports for each Fund to distribute to its investors. Such annual reports include valuations of all investments and audited financial statements prepared in accordance with U.S. GAAP, and are subject to review and audit by independent public accountants.

To the extent that the General Partner determines in good faith that, as a result of the Freedom of Information Act ("FOIA"), any state public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a limited partner or any of its affiliates may be required to disclose information relating to a Fund, its affiliates and/or any portfolio company (other than certain fund-level, aggregate performance information), the

General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such limited partner.

**Item 14.           *Client Referrals and Other Compensation***

A. Other than the management fees paid directly by Funds, the General Partner does not receive income, from any sources or relationships related to its management of Fund accounts including brokers, investment funds, placement agents or other third-parties. In the event that the General Partner or its affiliates receives fees or reimbursements from a Fund's portfolio companies, management fees at the level of each Fund will be reduced by 100% of such Fund's proportionate share of such fees, reduced by the General Partner's unreimbursed out-of-pocket expenses incurred in actual or prospective transactions giving rise to such fees. See Item 5.A of Part 2A of Form ADV.

B. The General Partner and its related persons do not directly or indirectly compensate any person that is not a supervised person for client referrals.

**Item 15.           *Custody.*** The General Partner intends to rely upon Rule 206(4)-2(b)(4) of the Advisers Act, which provides an exemption from the requirement that a qualified custodian send account statements if annual audited financial statements to all limited partners in a Fund and certain other conditions are met. As a result, the General Partner does not anticipate that its qualified custodian will send account statements directly to its clients.

**Item 16.           *Investment Discretion.*** The General Partner will have discretionary authority with respect to the Funds. Limitations on the General Partner's discretionary authority typically occur in the partnership agreements of each Fund. Fund investments must be made in accordance with each Fund's investment guidelines as set forth in its partnership agreement. Each Fund's partnership agreement also places certain restrictions on a Fund's investments, such as, for example, single position limits and limits on foreign investments. The General Partner obtains its discretionary authority through each Fund's partnership agreement and through each Fund's power of attorney giving such authority to the General Partner.

**Item 17.           *Voting Client Securities***

A. Description of Voting Policies and Procedures. Clients generally will not have the ability to direct the vote of the General Partner in any particular solicitation. Certain side letters of the Funds provide that no exercise of voting power by the General Partner shall be authorized if it contravenes any federal, state or local law or any policy to which an investor is or may become subject. The general policy of the General Partner is to vote proxy proposals, amendments, consents or resolutions relating to client securities (collectively, "*proxies*") in a manner that serves the best interests of the Funds managed by the General Partner, as determined by the General Partner in its discretion, and taking into account relevant factors, including, but not limited to:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

The General Partner will generally abstain from voting (which generally requires submission of a proxy voting card) or generally affirmatively decide not to vote if the General Partner determines that abstaining or not voting is in the best interests of a Fund. The rationale for "abstain" votes will be documented.

The Chief Compliance Officer will be responsible for determining whether each proxy is for a "routine" matter or not.

Routine matters are typically proposed by a portfolio company's management, directors, general partners, managing members, or trustees (collectively, the "Management") and meet the following criteria: (i) they do not measurably change the structure, management, control or operation of the portfolio company; (ii) they do not measurably change the terms of, or fees or expenses associated with, an investment in the portfolio company; and (iii) they are consistent with customary industry standards and practices, as well as the laws of the state of incorporation applicable to the portfolio company. For routine matters, the Chief Investment Officer of the General Partner will vote in accordance with the recommendation of the portfolio company's Management, unless, in its opinion, such recommendation is not in the best interests of the investing Funds.

Non-routine matters involve a variety of issues and may be proposed by a portfolio company's Management or beneficial owners (*i.e.*, shareholders, members, partners, etc. (collectively, the "Owners")). These proxies may involve one or more of the following: (i) a measurable change in the structure, management, control or operation of the portfolio company; (ii) a measurable change in the terms of, or fees or expenses associated with, an investment in the portfolio company; or (iii) a change that is inconsistent with industry standards or the laws of the state of incorporation applicable to the portfolio company. The General Partner provides detailed procedures for how the General Partner's Chief Investment Officer will vote proxies in the event of non-routine matters.

At times, conflicts of interest may arise between the interests of the investing Funds, on the one hand, and the interests of the General Partner or its affiliates, on the other hand. Prior to engaging in a proxy vote, the General Partner will provide the Chief Compliance Officer with advance notice of how the Chief Investment Officer intends to vote a proxy and the Chief Compliance Officer will determine whether there is any actual or perceived conflict of interest by evaluating the nature of the General Partner's business and other relationships, as well as those of its affiliates and key employees. The Chief Compliance Officer will then determine whether the nature of its business and relationships may place the interests of the General Partner as well as those of its affiliates in conflict with the Funds or Funds' investors. The General Partner will address voting as follows:

If the Chief Compliance Officer determines that a vote would be against the General Partner's own interest, the General Partner may vote such proxy in any manner as the Chief Investment Officer determines to be in the best interest of the investing Funds, although the Chief Investment Officer will generally follow specified policies. The General Partner will memorialize the rationale of such vote in writing as well as the determination that there was no actual or perceived conflict of interest.

If the Chief Compliance Officer determines that a vote may also benefit, or be perceived to benefit, the General Partner's own interest which gives rise to an actual or perceived conflict of interest, then the General Partner must take one of the following actions in voting such proxy: (a) vote in strict accordance with the voting outcomes set forth in the specified policies; (b) delegate the voting decision for such proxy proposal to an independent third party such as a proxy service; (c) delegate the voting decision to an independent committee of partners, members, directors, or other representatives of the Funds, as applicable; or (d) inform the investors in the investing Funds of the conflict of interest and obtain consent to (majority consent in the case of a Fund) vote the proxy as recommended by the General Partner. The General Partner memorializes in writing its determination that there was an actual or perceived conflict of interest as well as its course of action taken to mitigate the conflict of interest.

If the General Partner engages a proxy service, it will direct the proxy service to immediately notify the General Partner if it is subject to a conflict of interest in regard to any proxy. Such a conflict may arise, for example, if the proxy service or one of its affiliates receives compensation from the issuer for providing advice on corporate governance issues. If the General Partner determines that the proxy service is not independent with respect to any proxy, the General Partner will engage another independent proxy service to vote such proxy in accordance with these policies.

The General Partner will provide a copy of its proxy voting policies and procedures to any client upon request. In addition, clients may request from the General Partner information regarding the manner in which it voted with respect to securities.

B. As a general matter, the General Partner has authority to vote client securities.

**Item 18.           *Financial Information***

A. Balance Sheet. The General Partner does not require nor does it solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, no balance sheet has been included for the most recent fiscal year.

B. Financial Condition that is Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients. There are no financial conditions that are reasonably likely to impair the General Partner's ability to meet contractual commitments to clients.

C. Bankruptcy. The General Partner has not been the subject of a bankruptcy petition at any time during the past ten years.

**Item 19.           *Requirements for State-Registered Advisers.*** The General Partner is not registering and is not registered with one or more state securities authorities.