

# **Trafelet Brokaw Capital Management, L.P.**

**410 Park Avenue,  
17th floor  
New York, NY 10022**

**212 201-7800**

**[www.trafelet.com](http://www.trafelet.com)**

## **Part 2A of Form ADV (the “Brochure”)**

**August 1, 2014**

This Brochure provides information about the qualifications and business practices of Trafelet Brokaw Capital Management, L.P. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact George Brokaw at 212 201-7878 or [gbrokaw@tbco.com](mailto:gbrokaw@tbco.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure has been updated to reflect the new address of the Adviser.

### Item 3 – Table of Contents

Item 2 – Material Changes .....	2
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	5
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations.....	10
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12 – Brokerage Practices .....	11
Item 13 – Review of Accounts.....	12
Item 14 – Client Referrals and Other Compensation .....	13
Item 15 – Custody.....	14
Item 16 – Investment Discretion .....	14
Item 17 – Voting Client Securities.....	14
Item 18 – Financial Information .....	15

## **Item 4 – Advisory Business**

### **A. General Description of Advisory Firm –**

Trafelet Brokaw Capital Management, L.P. (the “Adviser”) is a Delaware limited partnership with its principal place of business in New York. The Adviser was founded in 2000. Remy Trafelet is the principal owner of the Adviser. George Brokaw has joined the Adviser as a Managing Partner.

### **B. Description of Advisory Services –**

The Adviser provides advisory services on a discretionary basis to its clients, specifically, pooled investment vehicles (“Funds”) and may in the future also provide such services to separately managed accounts (“Accounts” and, collectively with Funds, “Clients”) intended for sophisticated investors and institutional investors. The Adviser has particular expertise in investing and trading in publicly traded equity securities, utilizing both long and short positions. As of the date hereof, the Adviser provides investment advice to two Clients (detailed below).

### **C. Availability of Tailored Services for Individual Clients –**

The Adviser tailors its advisory services to the individual needs of its Clients. The Adviser does not tailor its advisory services to the individual needs of investors in the Funds and does not accept investment restrictions imposed by such Fund investors (“Investors”). However, where an investor in a Fund is subject to specific restrictions (e.g., portfolio diversification requirements), the Adviser may tailor its advice to the Fund in accordance with such restrictions on a case by case basis if such restrictions will not materially alter its investment strategy and approach.

Each of the Clients has individual investment guidelines and objectives, as detailed in their respective offering memorandum or limited partnership agreement (each, an “Offering Memorandum”, and collectively, the “Offering Memoranda”) and/or investment advisory agreement, as the case may be.

Investors in the Clients are herein referred to as “Investors”.

The Adviser manages these two Clients as follows:

Delta Institutional, LP (“Delta Institutional”) – a Delaware limited partnership

Delta Onshore, LP (“Delta Onshore”) – a Delaware limited partnership

### **D. Wrap Fee Programs –**

The Adviser does not participate in wrap fee programs.

### **E. Client Assets Under Management –**

As of December 31, 2013 the amount of Regulatory Assets Under Management by the Adviser and its Relying Adviser affiliates was \$505,414,003. All of the Clients are managed by the Adviser or its Relying Adviser affiliates on a discretionary basis. Please see Item 10C. for information regarding the Relying Advisers.

## **Item 5 – Fees and Compensation**

### **A. Advisory Fees and Compensation –**

Clients are charged up to a 2% per annum management fee, as well as a performance (incentive) allocation of up to 20% of net profits (including unrealized gains), subject to a loss carryforward provision. The general partner of the Funds (an affiliate of the Adviser), in its sole discretion, may, in effect, waive or reduce the management fee or performance allocation to be paid to it by Investors in the Clients who are principals, employees or affiliates of the Adviser or the general partner or its affiliates, or relatives of such persons, and for certain large or other investors.

In addition, other fees are charged as described in this Item 5.

### **B. Payment of Fees –**

Fees charged are deducted from the Clients' assets. Management fees for all Clients are paid to the Adviser quarterly in advance, as of the first day of each quarter. A prorated management fee will be charged to Investors on any amounts invested in the midst of any quarter.

Performance allocations for Clients are allocated annually if the Client has achieved a net profit (including net unrealized gains), subject to a loss carryforward provision. For Delta Institutional and Delta Onshore, the performance allocation is allocated to the general partner, an affiliate of the Adviser. See Item 6 for additional information.

An Investor's monthly account statement shows an Investor's holdings in the Funds net of all fees and expenses.

### **C. Other Fees and Expenses –**

The Adviser is responsible for and shall pay, or cause to be paid, all its ordinary office overhead expenses, which include rent, supplies, secretarial expenses, stationery, charges for furniture and fixtures and compensation of analysts and administrative personnel. All other expenses are borne by the Clients, including the fees paid to the Adviser or its affiliate (as described in Item 5A and 5B) and to an administrator, directors' fees, legal, accounting, auditing and other professional expenses, research expenses (including research-related travel expenses (such as lodging, airfare, meals and conference costs), communications equipment (including phones and portable electronic devices) and equipment (including computer hardware and software) utilized in the investment management process (including updates, modifications, improvements, product testing, maintenance, offsite or onsite backup, repairs and replacements)) and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of a Clients' assets. Employees of the Adviser or its affiliates sometimes travel on an airplane that is partially owned by an entity under common control with the Adviser. When such travel is deemed to be a Fund expense, the Fund is charged for such travel based upon an allocation of the costs of owning and operating the airplane. The Adviser believes that this cost is justified by the greater efficiency and security provided by the use of the airplane.

As noted above, Investors in the Funds also incur brokerage and other transaction costs. Each Offering

Memorandum for the Funds discusses these brokerage and transaction costs, including factors related to how brokers are selected, under the section entitled “Brokerage Practices”. Item 12 also further describes the factors that the Adviser considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation (e.g., commissions).

**D. Prepayment of Fees –**

As noted in Item 5(B) above, the management fee charged to the Clients is paid quarterly in advance. Once charged to an Investor’s account, there is no refund of any of the fees and expenses that have been charged.

**E. Additional Compensation and Conflicts of Interest –**

No supervised person of the Adviser accepts compensation for the sale of securities or other investment products.

The Principal of the Adviser may receive fees in connection with serving in an advisory capacity, on the board of directors, or in other capacities to public and/or private companies which may include portfolio companies.

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

The Adviser charges Investors in the Clients performance-based fees (sometimes called an “incentive fee” or “incentive allocation”), all at the same rate. Note that certain Investors in the Funds, such as certain employees of the Adviser and their family members, may have performance-based fees waived or reduced in accordance with the Fund’s organizational documents.

Some of the Adviser’s investment personnel’s compensation includes a performance-based component.

When an Adviser and its investment personnel manage more than one Client account, a potential exists for one Client account to be favored over another Client account.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser allocates investment opportunities in accordance with written guidelines that ensure that all Clients are treated fairly and equally. At the quarterly Pricing and Allocation Committee (PAC) meetings, account performance is reviewed for any evidence of favoritism to higher fee paying accounts. See Item 11 for further discussion of the Adviser’s allocation policy.

The existence of performance-based fees could theoretically incentivize the Adviser to manage Client portfolios in a more aggressive, risky manner; however, the Adviser attempts to minimize this risk by ensuring that it is managing the Funds in accordance with stated investment objectives. In addition, the performance based fee received by the Adviser is based primarily on realized and unrealized gains and losses. As a result, the performance-based fee earned could be based on unrealized gains that Investors may never realize.

## **Item 7 – Types of Clients**

The Adviser provides investment advice only to the Clients. The minimum initial investment in each of the Clients is \$1,000,000, subject to waiver or reduction by the general partner (an affiliate of the Adviser) of such Fund.

There are no minimum amounts necessary to maintain an investment in the Funds.

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

### **A. Methods of Analysis and Investment Strategies –**

The Adviser utilizes a variety of methods and strategies to make investment decisions for the Clients. The Adviser has considerable discretion with respect to the investment strategies and choices for the Clients.

The Adviser seeks to preserve capital through investments, both long and short, primarily in publicly traded equity securities. The Adviser seeks to maximize after-tax capital appreciation.

The Adviser will seek to achieve capital appreciation from both the long and short sides of the Clients' portfolios and will short equity securities both to hedge long positions and as long-term investment positions. The Adviser will aim to take a similar stance on long positions, i.e., they are to be treated as both long-term investments and, at times, hedges for short positions. While the Adviser may employ equity index options to manage exposure, the Adviser believes the best hedging strategy results from a correlated long and short portfolio where the Adviser believes it can attain a competitive advantage through fundamental research and financial analysis. The Adviser will strive to reduce Investors' tax liability through in-house tax advice and the consultation of accountants and other tax professionals. The Adviser believes significant value can be added to the Investors' after-tax returns through active tax planning. The Adviser's tax strategy will attempt to simply make the portfolio as tax efficient as practicable.

The Adviser's strategy will be driven by bottom-up, fundamental analysis. On the long side of the portfolio, the Adviser will attempt to apply stringent parameters to valuation metrics with the belief that assets with cheap valuations are less subject to depreciation in market downturns. The Adviser will actively emphasize the short side of the portfolio for both hedging long positions to reduce risk and as investments for capital appreciation. The Adviser will rely heavily on in-house model development for valuation purposes (for level 3 securities). The Adviser will attempt to uncover investment opportunities where it believes that its intensive bottom-up, fundamental research process provides a competitive advantage on current investment perceptions and will invest with the intent of capitalizing on the perceived changes in a company's financial future.

The Adviser will seek investment opportunities in industries in which it believes it has specific expertise. Furthermore, the Adviser believes that often stock specific investment themes that may be prevalent in a certain market have a time lag before realization in other markets. Accordingly, the Adviser will also seek opportunities in developed international markets on a company specific basis (including Canada and

the United Kingdom). The Adviser may invest in other markets, including emerging markets, if it believes such investments are in accordance with a Client's investment objective. International exposure will be based on a bottom-up stock-by-stock investment methodology.

The Adviser's hedging strategy will be to offset positions, whether long or short, with comparable securities in which the Adviser has tried to gain a competitive advantage through its fundamental research process. While index options may be utilized to control exposure levels, the Adviser's primary hedging strategy will be to manage risk through a proactive, bottom-up, stock-by-stock shorting strategy. The Adviser anticipates a portfolio using minimal financial leverage and generally operating under the constraints of plus/minus 100% net exposure and 150% gross exposure.

The Adviser will not invest more than 20% of any of the Clients' assets in any one security, measured at the time of investment. It is noted that the Adviser will not make private equity investments for any of the Clients in excess of 5% of the Adviser's assets (measured at the time of investment).

The Adviser intends to pursue the investment philosophy described above and will generally follow the outlined investment strategies for so long as such strategies are in accordance with a Client's investment objective and may also formulate new approaches to carry out an overall investment objective.

While it is anticipated that the Adviser will invest primarily in publicly traded stocks and related instruments, the Adviser has broad and flexible investment authority. Accordingly, a Client's portfolio assets may at any time include long or short positions in U.S. or foreign publicly traded or privately issued common stocks, preferred stocks, stock warrants and rights, corporate debt, bonds, notes or other debentures, convertible securities, swaps, options, futures contracts and other derivative instruments. Additionally, the Adviser may, at times, hold certain positions for a short period of time.

The Adviser may purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options thereon.

***Investing in the Clients is highly speculative and involves risk of loss that Investors should be prepared to bear.*** There is no assurance that the Clients will be able to generate returns or that the returns will be commensurate with the risks inherent in their investment strategy.

### **B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities –**

The Adviser has broad discretion in making investments for its Clients. Investments contained in the Clients' portfolios may be affected by business, financial market or legal uncertainties. Material risks include (but are not limited to) the following factors summarized below. Please consult the Offering Memoranda for a complete description of the risks associated with the Clients.

The profitability of a significant portion of the Adviser's investment program depends to a great extent upon correctly assessing the future course of price movements of specific securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements. At any given time, the Adviser may have significant investments in smaller-to-medium sized companies of a less seasoned nature whose securities are traded in the over-the-counter market. These small cap securities often involve significantly greater risks than the securities of larger, better known companies.

The Adviser may pursue relative value strategies by taking long positions in securities believed to be



undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying trading positions were to fail to converge toward, or were to diverge further from, the Adviser's expectations, a loss may be incurred.

The Clients' portfolios may each not generally be diversified among a wide range of types of securities, countries or industries. Accordingly, these portfolios may be subject to more rapid change in value than would be the case if they were required to maintain a wide diversification among types of securities and other instruments, countries and/or industries. It should be noted, however, that in any one Client's portfolio, no position in any one security will make up more than 20% of such Client's assets (measured at the time of investment). In addition, the Adviser will not make private equity investments in excess of 5% of a Client's assets (measured at the time of investment).

The Adviser may invest in companies that are involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving these types of transactions, there exists the risk that the transaction will be unsuccessful, will take considerable time and/or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Adviser may suffer a loss on the investment. Because there is substantial uncertainty concerning the outcome of transactions involving companies in which the Adviser may invest, there is a potential risk of loss of its entire investment in such companies.

In addition, the types of investment instruments that the Adviser may use present potential risk of loss. Please see the Offering Memoranda for further elaboration on these instruments and their associated risks. The investment instruments which present significant risks discussed therein include the use of:

- a) options
- b) high yield securities
- c) debt securities
- d) counterparty and custodial risk
- e) co-investments with third parties
- f) synthetic or derivative instruments
- g) swap agreements
- h) short sales
- i) leverage/use of leverage
- j) futures contracts
- k) non-U.S. securities and investments in emerging markets
- l) currency hedging
- m) thinly-traded securities (lack of liquidity) and associated valuation issues
- n) "new issues"

The Adviser has one managing principal, Remy Trafelet. In the event that Mr. Trafelet should become unable to perform his duties at the Adviser, the Clients may be adversely affected.

Note that the Adviser has in place policies and procedures to address risk. These include holding a quarterly meeting of the Pricing and Allocation Committee (PAC) that reviews trading for the prior quarter.

The foregoing risks do not purport to be a complete explanation of all the risks applicable to investing in Clients. Investors should review the terms of the applicable governing documents for additional information which may be unique to an individual investor and before investing in a Fund or engaging the Adviser.

There can be no assurance that Clients managed by the Adviser will achieve their investment objectives.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons, employees or the Adviser itself.

## **Item 10 – Other Financial Industry Activities and Affiliations**

- A. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a future commission merchant, a commodity pool operator, a commodity trading adviser, or as an associated person of any of the foregoing.
- C. Trafelet & Company Advisors, LLC ("TCA") is the General Partner of the Funds managed by the Adviser. 734 Agriculture, LLC ("734") is the managing member of two limited partnership liability companies, which were formed to invest in securities issued by entities within the agricultural industry (TCA and 734 are collectively referred to herein as the "Relying Advisers"). Both 734 and TCA are affiliates and under common control with the Adviser. On January 18, 2012, the SEC released a No-Action letter addressed to the American Bar Association, Business Law Section (the "2012 Letter"). The Adviser and its Relying Advisers, which are listed in Sections 1(B) of this Schedule D, are together filing a single Form ADV in reliance on the position expressed in the 2012 Letter.

Other than 734, TCA and the Funds, the Adviser and its management persons have no relationships or arrangements with advisory affiliates or persons under common control with the Adviser that are material to its advisory business, its Clients or its Investors.

- D. The Adviser is aware of the potential conflict of interest inherent to arrangements whereby the Adviser would recommend or select other investment advisers for Clients and receives compensation directly or indirectly from those advisers. Although it is not currently the intention of the Adviser to enter into new arrangements of this type, should the Adviser do so in the future, the Adviser will initiate procedures intended to counter such conflicts. Such

procedures will including, among other things, that the Adviser will only recommend investments to Clients which it deems to be in the best interest of such Clients, will never put its own interest ahead of those of its Clients and will not charge fees on the portion of its Client assets that it allocates to such third party advisers, or shall deduct from such fees an amount equal to the fees paid to such third party advisers.

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

The Adviser has adopted a Code of Ethics pursuant to which the Adviser, as well as all of its supervised persons, conduct themselves. A copy of the Adviser's Code of Ethics is available by contacting George Brokaw at 212 201-7878 or [gbrokaw@tbco.com](mailto:gbrokaw@tbco.com). The Adviser recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its Clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of Clients come first; and (iii) it has a fiduciary duty to its Clients to act solely for their benefit. All personnel of the Adviser must put the interests of the Adviser's Clients before their own personal interests and must act honestly and fairly in all respects in dealings with Clients. All personnel of the Adviser must also comply with all federal securities laws.

In connection with the Code of Ethics, the Adviser has adopted certain restrictions on personal trading by its supervised persons. In addition, the Adviser requires supervised persons to pre-clear certain securities transactions, report personal trading and holdings periodically and, further, to review the Adviser's insider trading policies.

Affiliates of the Adviser serve as a general partner of the Funds. Other than as discussed below, neither the Adviser nor a related person recommends to Clients, or buys or sells for Clients, any other securities in which the Adviser or a related person has a material financial interest.

The Adviser and its related persons may invest in their personal funds in the Clients, and, therefore, such persons may hold an indirect interest in the same securities as other investors in the Clients. Further, a related entity of the Adviser is the general partner of the Funds. In addition, certain supervised persons of the Adviser may own securities in their personal accounts that are also recommended by the Adviser to its Clients. The Adviser has established procedures intended to limit conflicts of interest in cases where the Adviser, a related person or any supervised person, buys, sells or otherwise has an interest in, securities recommended by the Adviser to its Clients.

#### **Item 12 – Brokerage Practices**

When Clients engage in investments involving broker-dealers, there are no limitations on the authority of the Adviser with respect to the selection of broker-dealers with which it will do business. The Adviser is authorized to determine the broker-dealer to be used for securities transactions. In determining which intermediaries to use, the Adviser will focus on the quality of the execution-related services provided by the intermediaries (including factors such as the ability of the intermediaries to execute transactions efficiently, their responses to instructions, their facilities, their reliability and their financial stability), and does not necessarily select those that charge the lowest commissions or other transactional costs.

While the Adviser generally does not enter into traditional “soft dollar” arrangements, it is not the Adviser's practice to negotiate "execution only" commission rates; thus, a Client may be deemed to be paying for research services provided by the broker which are included in the commission rate. Research and related services furnished by brokers will be limited to services that constitute research within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Accordingly, research and related services may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications, statistical and pricing services, along with hardware, software, databases and other technical and telecommunication services, lines, and equipment (including updates, replacement parts, repairs and service thereon) utilized in the investment management process. Research services obtained by the use of commissions arising from a Client's portfolio transactions may be used by the Adviser in its other investment activities.

The Adviser has not directed Client transactions to a particular broker-dealer in return for client referrals in its last fiscal year. The Adviser does not routinely recommend, request, permit or require its Clients to direct the execution of securities transactions through a specified broker-dealer.

As applicable, the Adviser may aggregate orders of the Client accounts for trade execution and thereafter allocate the securities on an average price basis to such Clients. No Client will be favored over any other Client as a result of such aggregation. Brokerage commission rates may not be reduced because of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single Client. The Adviser believes that its aggregation policy is lawful and consistent with its duty to seek best execution for all its Clients.

The Adviser may deem it to be in the best interests of its Clients to reallocate or “cross” securities transactions between Client accounts. The Adviser maintains policies and procedures intended to limit the potential conflicts of interest inherent in these transactions. Cross transactions will only be effected if they are deemed to be in the best interests of the particular Clients involved and will be conducted in compliance with such policies and procedures and applicable law.

## **Item 13 – Review of Accounts**

### **A. Frequency and Nature of Review –**

Mr. Trafelet and the Adviser's Head Trader regularly evaluate the portfolios of the Clients daily on a real-time basis. The Clients are actively managed by Mr. Trafelet through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio parameters as set forth in the Offering Memoranda and the Investment Management Agreement. A quarterly Pricing and Allocation Committee (PAC) meeting is held to provide oversight over trading for the Clients. The PAC is composed of the Adviser's Chief Compliance Officer/Chief Financial Officer, Mr. Trafelet, and a senior analyst.

Client accounts are also reviewed regularly for trading errors. Once an error is detected, the Adviser promptly corrects it. Subject to any standard of liability stated in an investment management agreement or limited partnership agreement, each Client will bear the cost, or receive the benefit, of a trade error that was made in regard to its portfolio trading.

**B. Factors Prompting a Non-Periodic Review of Accounts –**

The Clients are actively managed and are reviewed regularly throughout the trading day.

**C. Content and Frequency of Regular Account Reports –**

**Reports Provided to Investors in the Funds** – (i) annual financial statements audited by an independent certified public accounting firm, (ii) monthly unaudited performance information, (iii) copies of each Investor's Schedule K-1 to the Fund's tax returns, and (iv) other reports as determined by the Investment Adviser or general partner in its sole discretion.

Investors may request additional information on the underlying investments of a Fund, as well as heightened access to Mr. Trafelet or other employees of the Adviser. These Investors may be able to act on such information that other Investors did not receive, however, all Investors are invited to make such requests.

Although the Adviser will use its best efforts to provide timely tax information to Investors, it is possible that it may be late in providing tax information, and Investors should plan to file for extensions with the relevant Federal and state taxing authorities.

All reports described above for the Funds are written.

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

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients –**

The Adviser has no arrangements whereby a party who is not a Client compensates or otherwise provides an economic benefit to the Adviser for providing services to Clients.

The Adviser effects securities transactions through a number of broker-dealers. By virtue of it conducting business with broker-dealers, the Adviser may receive certain economic benefits from such broker-dealers which would not be received if it did not transact through the broker-dealers. These benefits may include, but are not limited to: access to an electronic communication network for order entry and account information; receipt of proprietary research; and participation in broker-dealer sponsored research and capital introduction conferences. The Adviser understands that the benefits received through its relationship with the broker-dealers (including its prime broker) generally do not depend upon the amount of transactions directed to, or amount of assets custodied by, the broker-dealers.

**B. Compensation to Non-Supervised Persons for Client Referrals –**

The Adviser may in the future enter into arrangements with placement agents providing for a payment by the Adviser of a one-time or ongoing fee based upon a percentage of the Management Fee and/or Performance Allocation. If an Investor is introduced to a Fund through a placement agent, the arrangement, if any, with such placement agent will be disclosed to and acknowledged by, the subscriber. There are no such arrangements currently in effect.

## **Item 15 – Custody**

All Client assets are held in custody by unaffiliated broker-dealers or banks acting in the capacity as “qualified custodians”. Notwithstanding the foregoing, the Adviser (and in certain cases, an affiliate of the Adviser) has “custody” of Client assets in the Funds for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. The Adviser has developed procedures that ensure the safeguarding and protection of assets. Such procedures include, among other things, the separation of functions and dual signatory approvals for the distribution of Fund assets.

The Funds undergo an annual audit by a PCAOB auditor, and audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund’s fiscal year end.

## **Item 16 – Investment Discretion**

The Adviser provides investment advisory services on a discretionary basis to Clients. Please see Item 4 for a description of any limitations Clients may place on the Adviser’s discretionary authority.

Prior to assuming full discretion in managing a Client’s assets, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser’s discretion.

Unless otherwise instructed or directed by a discretionary Client, the Adviser has the authority to determine: (1) which securities or instruments to buy or sell; (2) total amount of securities or instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions. Because of the differences in Client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among Clients in invested positions and securities held, and it is possible that different Clients will hold opposing positions.

For Investors in Delta Institutional and Delta Onshore, upon execution of the subscription documents, each Investor agrees to be bound by the Client’s partnership agreement (which appoints the Adviser as investment adviser to the Client).

## **Item 17 – Voting Client Securities**

The Adviser has the authority to vote proxies for securities held in Client portfolios. The Adviser’s proxy voting policy was adopted in accordance with SEC Rule 206(4)-6 and calls for it to exercise its duty of care and loyalty to its Investors when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in the portfolio of any of the Clients.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues.

Where there is a measurable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors in the Funds may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Adviser and the Client(s) may arise when the Adviser's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the Client(s). If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the Investors of the conflict of interest and obtain advance consent of a majority of such Investors for a particular voting decision; or iii) obtain approval of a voting decision from the PAC. In all such cases, the Adviser will make disclosures to Clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser's CCO, George Brokaw at 212 201-7878 or gbrokaw@tbco.com.

## **Item 18 – Financial Information**

### **A. Balance Sheet**

The Adviser is not required to attach a balance sheet because we do not require or solicit the payment of fees six months or more in advance.

### **B. Contractual Commitments to Our Clients**

The Adviser has no financial condition that is reasonably likely to impair our ability to meet contractual and fiduciary commitments to our Clients.

### **C. Bankruptcy Petitions**

The Adviser has never been the subject of a bankruptcy petition.