

**Part 2A of Form ADV: Firm Brochure**  
**ITEM 1: COVER PAGE**

April 15, 2013

**Seven Locks Capital Management LP**  
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This brochure provides information about the qualifications and business practices of Seven Locks Capital Management LP and its affiliates, Seven Locks Capital LLC which acts as the general partner of Seven Locks Capital Management LP, and Seven Locks GP Holdings LLC and Seven Locks Enhanced GP Holdings LLC which act as general partners to certain funds.

If you have any questions about the contents of this brochure, please contact Scott Donnelly at (212) 692-3645 or via email at [sdonnelly@sevenlockscapital.com](mailto:sdonnelly@sevenlockscapital.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. While Seven Locks Capital Management LP is registered as an investment adviser with the SEC, such registration does not imply any level of skill or training. The oral and written communications of an adviser provide you with information with which you may determine to hire or retain an adviser.

Additional information about Seven Locks Capital Management LP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2: MATERIAL CHANGES**

This Item 2 will discuss only specific material changes that are made to the brochure and provide a summary of such changes. Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year. We may also provide other ongoing disclosure information about material changes as necessary and provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

This brochure is the amended annual update for Seven Locks Capital Management LP.

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#### **ITEM 4: ADVISORY BUSINESS**

Seven Locks Capital Management LP ("Seven Locks," or the "Investment Manager") is a limited partnership that was organized in Delaware on October 29, 2008 and is a registered investment adviser with the SEC under the Investment Advisers Act of 1940.

Mr. Andrew Goldman is the founder, as well as the principal owner, of Seven Locks and the only owner holding more than 25% of Seven Locks. Mr. Goldman's ownership of Seven Locks is held through Seven Locks Capital LLC, which serves as the general partner of the Investment Manager. Mr. Goldman is the managing member of Seven Locks Capital LLC.

Seven Locks currently focuses its investment advisory services on one core strategy, investing primarily in equity, fixed income and other liquid securities of a diversified set of companies. Seven Locks provides investment advisory services to two groups of private investment funds that were organized by Seven Locks or its affiliates, as follows:

Seven Locks Master Fund LP, Seven Locks Fund LP and Seven Locks Fund Ltd. (collectively, the "General Fund").

Seven Locks Enhanced Master Fund LP, Seven Locks Enhanced Fund LP and Seven Locks Enhanced Fund Ltd. (collectively, the "Enhanced Fund").

Each of the General Fund and the Enhanced Fund groups includes a domestic "feeder fund" for taxable U.S. investors, Seven Locks Fund LP and Seven Locks Enhanced Fund LP (an "Onshore Fund") and an offshore "feeder fund" for non-U.S. investors and tax-exempt U.S. investors, Seven Locks Fund Ltd. and Seven Locks Enhanced Fund Ltd. (an "Offshore Fund"), each of which invests substantially all of its assets into Seven Locks Master Fund LP or Seven Locks Enhanced Master Fund LP, (the "Master Funds") which in turn make investments according to the relevant investment strategy. The Master Funds, the Onshore Funds and the Offshore Funds are referred to together as the "Funds" or each individually as a "Fund".

**All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by Seven Locks and its affiliates in connection with the management of the Funds are qualified in their entirety by reference to each Fund's respective confidential offering memorandum (if any) and governing documents (referred to collectively as "Offering Documents").**

Each of the Funds generally follows the same investment strategy. However, the Enhanced Fund utilizes additional leverage in implementing the strategy, as compared to the General Fund. The Funds may make investments other than through the Master Funds, as described more fully in the respective Offering Documents of the Funds. Each investment strategy is more fully described in the respective Onshore Fund's or Offshore Fund's Offering Documents.

The advisory services Seven Locks provide to the Funds include designing and implementing the investment program, research and vetting of potential investments, managing the cash, securities and other properties comprising the invested assets, monitoring the performance of the investments, monitoring the risk and risk profile of the investments, and providing ongoing investor reporting.

For further description of the investment objectives and strategies and associated risks, please see Item 8, Method of Analysis, Investment Strategies and Risk of Loss. In addition, all investors in the Funds and qualified potential investors should refer to the Funds' Offering Documents.

As of December 31, 2012 Seven Locks managed \$ 98,100,000 in assets on a discretionary basis, of which 100% is attributable to the Funds.

#### **ITEM 5: FEES AND COMPENSATION**

Seven Locks fees vary based upon the Fund and the liquidity required by clients and investors.

The Funds are structured such that Seven Locks receives an annual management fee of up to 2% of the capital accounts of the investors in such Fund. The Funds' management fees are charged monthly in advance and Seven Locks instruct the Fund's administrator to pay these fees by using cash available to such Fund. In addition, as described in more detail in Item 6 – Performance-Based Fees and Side-by-Side Management, subject to a high water mark, affiliates of Seven Locks may receive an annual performance-based incentive allocation of up to 20% of the net profits for such fiscal year from each capital account of investors in the Funds, allocated at the end of each fiscal year. Each of these fees and their terms are more fully described in the Offering Documents for such Fund and clients and investors should review the respective Fund Offering Documents for full details as to how the management fees and incentive allocations are calculated. Seven Locks may waive or reduce any fees charged to the Funds that arise from the capital account of any investor, including investors who are members, partners, affiliates or employees of Seven Locks or its affiliates, as well as for family members of such persons, and for certain large or strategic investors. Investors in certain Funds may be required to pay a redemption charge to withdraw an investment, depending upon the amount and timing of the redemption and other factors, which is paid to the Fund, not to Seven Locks.

Seven Locks bears its own costs arising from providing certain administrative and management services to the Funds and private investment clients, including, but not limited to, salaries and fringe benefits of professional, administrative, clerical, bookkeeping, secretarial and other personnel of the Funds and the Investment Manager; rent; office equipment; newspapers and other mass-market periodicals, computer equipment and services; data processing; fire and theft insurance; heat, light, cleaning, power, water and other utilities of any office space maintained by the Investment Manager on its own behalf or on behalf of the Funds; stationery; postage; office supplies for the Investment Manager and the Funds; bookkeeping services; secretarial services; travel and entertainment; telephone (local and long distance); and any other overhead-type expenses.

Each of the Funds are responsible for all other relevant operating and other expenses, such as, but not limited to, management fees; organizational costs; indemnification expenses of such Fund; commissions; clearing fees; fees, interest and other costs on margin accounts or other financings or re-financings; accounting and legal fees and disbursements (including legal fees related to the protection of the Fund's investments); accounting, audit and tax preparation expenses; third-party administrator fees; borrowing charges on securities sold short; custodial fees; bank service fees; expenses incurred in connection with the admission of additional investments; investment and trading consultant expenses; research fees (including publications and quotation services); risk management software fees; expenses in connection with proposed transactions (including transactions that fail to close); liability insurance premiums with respect to the Investment Manager and its affiliates; expenses related to the registered offices of the Funds, and any other reasonable expenses related to the purchase, sale, holding or transmittal of the Funds' assets or the Funds' liabilities. The trading and brokerage fees are further discussed in Item 12 - Brokerage Practices. The expenses of the Funds may potentially be higher than those typically found in other investment options.

The Funds bear all costs and expenses incurred in connection with the formation and organization (such costs and expenses, the “Organizational Costs”) of the Funds. Such Organizational Costs are being amortized over the first 60 months of the Funds' operations. Amortization of such expenses over a period that is up to 60 months is a divergence from U.S. generally accepted accounting principles, and such divergence will, in certain circumstances, result in a qualification of the Funds' annual audited financial statements.

Neither Seven Locks nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

The redemption of an investment in certain Funds is subject to terms and limitations described in the applicable Fund’s Offering Documents. Seven Locks or one of its affiliate may:

- (i) suspend redemption rights, in whole or in part,
- (ii) postpone the date of payment of redemption proceeds, or
- (iii) suspend the calculation of the net asset value of a Fund, for any period during which
  - (a) any stock exchange or over-the-counter market on which a significant portion of the investments owned (directly or indirectly) by the Fund are traded is closed or trading on any such exchange or market is restricted or suspended,
  - (b) there exists a state of affairs that constitutes a state of emergency as a result of which disposal of the investments owned by the Fund is not reasonably practicable or it is not reasonably practicable to determine fairly the value of its assets,
  - (c) a breakdown occurs in any of the means normally employed in ascertaining the value of a substantial part of the assets of the Fund or when for any other reason the value of such assets cannot reasonably be ascertained,
  - (d) an event occurs that would cause the dissolution of the Fund or
  - (e) there exist such other extraordinary circumstances, as determined in good faith by Seven Locks or one of its affiliates, that cause redemptions or such payments to be impracticable under existing economic or market conditions or conditions relating to the Fund.

Certain Funds may agree to allow certain investors to participate on different business terms than other investors, including investing directly into the Master Funds, provided that Seven Locks believe that doing so will not adversely affect such other investors. Seven Locks may consider a number of other factors in determining whether to make different business terms available to a prospective investor, including but not limited to the following: whether the criteria on which such terms are provided to certain investors and not others are in the interests of the Fund; whether the Fund would benefit from the additional capital which the prospective investor would contribute (or not redeem); the purpose of the investor’s request; any legal, regulatory or “best practices” obligations that the investor may have with respect to the terms requested; and any representations that Seven Locks or the Fund may have made to other investors which would be inconsistent with granting the request.

Certain Funds may agree to provide certain investors with additional or different information than that provided to all investors. Seven Locks will determine whether to provide such information after taking into account factors it deems relevant, which may include the type or nature of the information requested, confidentiality concerns, potential uses for such information, and the intentions of the requesting investor with respect to such information. In any such case, the receipt of additional or different information by fewer than all investors may affect the decisions of the recipients regarding investment in the Fund.

**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As discussed in Item 5 – Fees and Compensation, each of Seven Lock's clients may be charged an incentive allocation.

Affiliates of Seven Locks may receive an annual performance-based incentive allocation of up to 20% of net profits, subject to a loss carry forward, for each Fund. The “incentive allocation” is based on a share of such Fund’s net profits during such year, subject to certain loss recovery mechanisms (sometimes referred to as “high water mark” measures) as described more fully in each Fund’s Offering Documents. Generally, an incentive allocation is only received on gains and appreciation in the net asset value of the Fund in excess of the highest net asset value used in a prior determination of an incentive allocation, as adjusted for redemptions of capital from such Fund. Incentive fees are generally received annually as of December 31, but may also be paid upon a redemption from a Fund by one or more of such Fund’s investors. Seven Locks may waive or reduce any incentive allocation charged to the Funds that arise from the capital account appreciation of any investor, including investors who are members, partners, affiliates or employees of Seven Locks or its affiliates.

Each of these performance-based incentive allocations may create a potential conflict of interest by providing an incentive for Seven Locks, due to the higher return potential, to make investments that are riskier or more speculative than it would make if such arrangements were not in effect. In addition, because these incentive allocations may be calculated on net asset values which include unrealized appreciation, they may be greater than if such fees were based solely on realized gains and Seven Lock's clients may never realize the gains on which an incentive allocation is based.

Managing different Funds potentially subject to different fees may cause a conflict of interests for the Investment Manager, creating a reason to favor giving investment opportunities to the Funds which pay higher fees. Seven Locks addresses the potential conflict arising from investment allocation by allocating investment opportunities among those client accounts for which it considers participation in the respective opportunity to be appropriate.

**ITEM 7: TYPES OF CLIENTS**

As described in Item 4 – Advisory Business, Seven Locks provide investment advisory services to two groups of related private investment funds (the General Funds and the Enhanced Funds).

The underlying investors in the General Funds and Enhanced Funds, while not considered clients of Seven Locks under the Investment Advisers Act of 1940, as amended, are persons that are both “accredited investors” within the meaning of Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” as defined in Section 2(a)(51)(a) of the Investment Company Act of 1940, as amended. The Funds have minimum investment amounts and various other eligibility requirements. Funds' investors may include, but are not limited to, fund of funds, institutions, businesses, pensions, trusts, government entities and individuals meeting certain net worth requirements. The interests or shares in the Funds are offered privately pursuant to applicable exemptions from registration under federal securities laws and, as such, are not registered under the federal securities laws and regulations. Accordingly, interests or shares in the Funds are offered and sold only to those investors that meet the eligibility requirements for private placements and/or offshore transactions. Investors in the Funds are generally required to make minimum initial investments of at least \$3,000,000, but the minimum investment restrictions may be waived by Seven Locks, or an affiliate.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The Investment Manager currently concentrates its investments in its main strategy, which is utilized by the Funds with differing leverage. The Investment Manager's strategies are dependent on the services of Mr. Goldman and his discretionary market judgment. The absence of Mr. Goldman could have a negative impact on the Investment Manager.

The Investment Manager's investment program is speculative and possesses substantial risks. While the Investment Manager's goals are superior risk-adjusted absolute returns through investing primarily in equity, fixed income and other liquid securities of a diversified set of companies, there is no guarantee that such goals may be achieved. In fact, the investment techniques which the Investment Manager may employ from time to time can, in certain circumstances, substantially increase the adverse impact that market fluctuations have on the Investment Manager's investment portfolio. Accordingly, the Investment Manager's activities could result in substantial losses under certain circumstances.

In seeking to achieve its objective the Investment Manager may invest both long and short in a diversified set of equities, fixed income securities, derivatives and other instruments.

The Investment Manager seeks out opportunities where, after conducting thorough bottoms-up research, it believes there to be superior absolute returns available after taking into account risk and volatility. Particular emphasis is placed on identifying themes and developing theses that are away from market consensus and contain a variant perception.

The Funds source these themes and theses across industries and throughout global markets, with a focus on North America. In an attempt to increase the odds of success and enhance the risk/reward profile of the strategy the Investment Manager constantly analyzes opportunities throughout the capital structure in both physical securities and derivatives.

### **RISK MANAGEMENT**

Accurate identification and hedging of risk is a critical aspect of the investment process and is crucial in ensuring that the Funds have an attractive risk/reward ratio. Risk factors are identified and analyzed, with a focus on understanding exposures and sensitivity analysis. To accomplish this, the Investment Manager may use third-party risk tools and proprietary analytics to capture information and analyze appropriately. Hedging is done on both a position and portfolio level, with an intended goal of minimizing undesired risks and exposures and protecting the Funds from potential tail risk. Also, position sizing limits and portfolio construction guidelines are used to further enhance risk management. To construct the optimal portfolio, the Investment Manager may seek to use a wide variety of both listed and over-the-counter securities.

**There can be no assurance that the Investment Manager's investment objectives will be achieved or that the Investment Manager's risk management techniques will protect against loss. The strategy is speculative and may result in substantial loss.**

### **RISK FACTORS**

The strategy is a highly speculative investment and is not intended as a complete investment program. Because an investment carries substantial risk, it is suitable only for sophisticated investors who can assume the risks of losing their entire investment. Prospective investors should carefully evaluate the following considerations, which set forth some, but not all, of the risks before making an investment. Following is a description of the principal risks involved in these investment strategies, generally. Not all of these risks will be equally relevant to each Fund at any given time. **The discussion of risks below is a**



**brief summary of the risks involved. As previously stated, for a complete discussion of the risks involved, investors are urged to consult the appropriate Fund's Offering Documents.**

## **MARKET RISKS**

### General

All securities investments risk the loss of capital. No guarantee or representation is made that the Investment Manager will achieve its investment objective or that investors will not lose all or substantially all of their investment. The Investment Manager has little operating history from which to evaluate its likely future performance and the investment results of the Funds are reliant upon the success of the Investment Manager.

### Available Information

The Investment Manager selects investments in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to the Investment Manager by such issuers, or through sources other than the issuers. Although the Investment Manager evaluates all such information and data and seeks independent corroboration when the Investment Manager considers it appropriate and when it is reasonably available, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

### Economic Conditions

Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Investment Manager or its strategies. None of these conditions is within the control of the Investment Manager.

### Market Disruptions

The strategies utilized by the Investment Manager and the Funds may incur substantial losses in the event of disrupted markets or other extraordinary events in which historical pricing relationships (on which the Investment Manager bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from their banks, dealers and other counterparties is typically reduced in disrupted markets. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

### Competition

The securities industry generally, and the varied strategies and techniques to be engaged in by the Investment Manager in particular, are extremely competitive. The Funds will be competing for investment opportunities against various other investors, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs, as well as other hedge funds, which may also have greater resources and access to information, different investment strategies or compensation structures. Competitive investment activity by other firms may reduce the Funds' opportunity for profit by reducing or amplifying the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.

## **INVESTMENT RISKS**

### Nature of Investments

The Investment Manager has broad discretion in making investments for the Funds and other clients and expects to utilize highly speculative investment techniques, including leverage, futures, options and derivative transactions. There can be no assurance that the Investment Manager will identify or correctly evaluate the nature or magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile. A variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may detrimentally impact businesses in which the Fund invests, affecting their access to capital and public market valuations. These factors and others may significantly affect the results of the Funds' activities and the value of its investments. In addition, the value of the Funds' portfolio may fluctuate in response to fluctuations in the general level of interest rates.

### Leverage

From time to time, the Funds may make extensive use of borrowed funds and other forms of leverage for the purpose of making investments and to hedge its exposure to market and credit risk. The use of leverage creates special risks and may significantly increase the Funds' investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, increases the Funds' exposure to capital risk and interest costs. Any investment income and gains earned on investments made through the use of leverage that are in excess of the interest costs associated therewith may cause the value of the interests to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and gains, the value of the interests may decrease more rapidly than would otherwise be the case.

### Volatility

The market value of certain of the Funds' investments may be volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the macro business and economic environment, specific developments or trends within a company or in any particular industry, the market's overall perception of risk, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, prevailing credit spreads, changes in prevailing interest rates and the financial condition of counterparties.

### Liquidity of Investments

The Funds may acquire thinly-traded investments, which are difficult to dispose of quickly. In addition, investments that were once liquid may become illiquid, making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. In that event, the Funds' ability to respond to market movements may be impaired and the Funds may experience adverse price movements upon liquidation of its investments.

### Concentration of Investments

The Investment Manager generally seeks to maintain a diversified portfolio of investments. However, the Funds may at certain times hold relatively few investments, which could subject the Funds to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected. In addition, the same result might obtain if the Funds' investments experience a greater than anticipated correlation. In that circumstance, Fund positions that may have been considered diversified could be subject to significant losses due to related events or changes in investment correlation more generally.

### Financial Model Risk

Most, if not all, of the Funds' investments and investment strategies require the use of quantitative and qualitative valuation models developed by the Investment Manager and third-parties. As market dynamics (for example, due to changed market conditions and participants) shift over time, a previously highly successful model often becomes outdated or inaccurate, perhaps without the Investment Manager recognizing the change before significant losses are incurred. The Fund's model risk extends to the valuation of its investments, which may be made on the basis of internal Investment Manager models in the absence of any readily determinable market value. The valuations so determined may differ materially from realized values.

### Transaction Costs

The Funds' investment approach may involve a high level of trading and turnover of the Funds' investments, which may generate substantial transaction costs.

### Spread Trading Risks

A part of the Funds' trading operations may involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

### Arbitrage Transaction Risks

Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Investment Manager may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Funds are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants.

### Hedging Transactions

The success of the Funds' hedging strategy will be subject to the Investment Manager's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to the Investment Manager's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner.

### Possible Positive Correlation

One of the goals in incorporating non-traditional investment strategies such as those to be utilized by the Funds into a portfolio or series of portfolios is to provide a potentially valuable element of diversification. However, there can be no assurance, particularly during periods of market disruption and stress, when the risk control benefits of diversification may be most important, that the Funds will, in fact, be negatively-correlated or non-correlated with a traditional portfolio of stocks or bonds.

### Equity Securities

The Funds may invest in equity securities, and expects to hold both long and short positions in such securities. Such investments will be subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

### Short Selling

A short sale of an instrument entails the theoretical risk of an unlimited increase in the market price of that instrument, which can, in turn, result in significant losses to a Fund. Purchasing instruments to close out a short position in such instruments can itself cause the price of the instrument to rise further, increasing losses. Furthermore, a Fund may prematurely be forced to close out a short position in a security if a lender of such security demands the return of the security sold short.

Short-selling has from time to time been the subject of significant regulatory scrutiny as well as substantive regulation. Regulatory initiatives to increase the regulation of the financial markets are ongoing as a result of the market disruptions which began in mid-2008, and it is not possible to predict whether short-selling may be restricted, perhaps permanently, in a manner materially adverse to certain of the strategies Seven Locks uses.

### “New Issues”

The Funds may invest in “new issues,” which pose unique risks arising out of their transient illiquidity, lack of trading history and concentration of ownership. In the event that the Funds elect to trade “new issues,” investors of the Funds that are “restricted persons” under applicable FINRA rules may not be permitted to participate or participate fully in the returns generated by those trades.

### Convertible Securities

Convertible securities provide higher yields than the underlying equity securities, but generally offer lower yields than non-convertible securities of similar quality. The value of convertible securities fluctuates in relation to changes in interest rates like bonds and, in addition, fluctuates in relation to the underlying common stock. In addition, convertible securities are often held in large concentrations by levered investors and hence may be materially devalued when those investors are selling, irrespective of the underlying issuer’s financial health.

### Foreign Securities

The Funds may invest in securities and other instruments of foreign corporations and foreign countries. Investing in such securities involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion, imposition of withholdings and other taxes and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in many foreign countries are not equivalent to U.S. standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the U.S.

### Options

The Funds may engage in the trading of options. Such trading involves risks substantially similar to those involved in trading margined securities in that options are speculative and highly leveraged. Specific market movements of the securities underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the security underlying the option which the writer must purchase or deliver upon exercise of the option.

### Derivatives

The Funds may invest in derivative financial instruments. In addition, the Fund may from time to time utilize both exchange-traded and over-the-counter futures, options and contracts for differences, for hedging purposes, as well as other derivatives. Regulatory restraints may restrict the instruments that the Fund may trade. Such derivative instruments are highly volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

### Debt Securities

Debt securities are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk), and are also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Changes in interest rates may cause a decline in the market value of an investment. With bonds and other fixed income securities, a rise in interest rates typically causes a fall in values, while a fall in interest rates typically causes a rise in values. Bonds and other fixed income securities generally involve less market risk than stocks. However, the risk of bonds can vary significantly depending upon factors such as the issuer and maturity. The bonds of some companies may be riskier than the stocks of others.

### High-Yield Securities

The Funds may invest in "high yield" bonds and other debt securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Debt securities in the lower categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than debt securities with higher ratings in the case of deterioration or general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated debt securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated debt securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated debt securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

### Distressed Securities

The Funds may purchase, directly or indirectly, debt securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid unless and until the company reorganizes and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. In some circumstances, such debt securities may be converted to equity as part of the reorganization. A wide variety of considerations, including, for example, the possibility of litigation between the participants in a reorganization or liquidation proceeding or a requirement to obtain mandatory or discretionary consents from various governmental authorities or others may affect the value of these securities and investments. The uncertainties inherent in evaluating such investments may be increased by legal and practical considerations which limit the access of the Investment Manager to reliable and timely information concerning material developments affecting a company, or which cause

lengthy delays in the completion of the liquidation or reorganization proceedings. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to the company in which the Funds invests, the Funds may lose its entire investment or may be required to accept cash or securities with a value less than the Fund's original investment.

#### Sovereign Risk; Emerging Markets

The Funds may invest in sovereign debt, and may invest in securities and instruments of developing or emerging market issuers that are or may become non-performing and/or where the issuer is in default, at the time of purchase, of principal repayment obligations. If a foreign sovereign defaults on its foreign debt, there may be limited legal recourse against the issuer and/or guarantor.

Investments in emerging markets instruments, while generally providing greater potential opportunity for capital appreciation and higher yields than investments in more developed market instruments, may also involve greater risk. While the Investment Manager intends to manage the Fund in a manner that will minimize the Funds' exposure to unreasonable risks within the emerging markets asset class, and to diversify the Funds' investments among various emerging countries, there can be no assurance that adverse political and economic risks will not cause the Funds to suffer a loss of principal or interest in respect of any of its holdings.

Investment in emerging markets may expose the Funds to local risks such as counterparty, repatriation, exchange controls or other monetary restrictions, taxation risks, and special considerations due to limited publicly available information, less stringent regulatory standards, and lack of uniformity in accounting.

#### Lending Risks

The Funds may invest in loans. Such lending activities entail a number of risks:

*General Credit Risks.* The Funds may be exposed to losses resulting from default and foreclosure. The value of the underlying collateral, if any, the creditworthiness of the borrower and the priority of the lien are each of great importance (although the Funds may invest in subordinate or second priority liens). There is no assurance that the Funds will correctly evaluate the value of the assets collateralizing the loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to borrower, the Funds may lose all or part of the amounts advanced to that borrower. The Funds cannot guarantee the adequacy of the protection of the Funds' interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Funds cannot assure that claims may not be asserted that might interfere with enforcement of the Funds' rights. In the event of a foreclosure, the Funds or an affiliate of the Funds may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Funds. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

*Lower Credit Quality Loans.* There are no restrictions on the credit quality of the Funds' loans. Loans held by the Funds may be deemed to have substantial vulnerability to default in payment of interest and/or principal. Certain of the loans which the Funds may fund have large uncertainties or major risk exposures to adverse conditions, and may be considered to be predominantly speculative. Generally, such loans offer a higher return potential than better quality loans, but involve greater volatility of price and

greater risk of loss of income and principal. The market values of certain of these loans also tend to be more sensitive to changes in economic conditions than better quality loans.

*Equitable Subordination.* Loans to companies operating in workout modes or under Chapter 11 of the Bankruptcy Code are, in certain circumstances, subject to certain potential liabilities which may exceed the amount of the Funds' loan. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.

#### Loan Participations and Assignments

The Funds may invest in debt securities in the form of loan participations and assignments of portions of such loans. Loan participations typically represent direct participation in a loan to a corporate borrower, and generally are offered by banks or other financial institutions or lending syndicates. When purchasing loan participations, the Funds assume the credit risk associated with the corporate borrower and may assume the credit risk associated with an interposed bank or other financial intermediary, and may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower. The participation interests in which the Funds invest may not be rated by any nationally recognized rating service.

Investments in loans through a direct assignment of a financial institution's interests with respect to the loan may involve additional risks to the Funds. For example, if a loan is foreclosed, the Funds could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, the Funds could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, the Funds rely on the Investment Manager's research in an attempt to avoid situations where fraud or misrepresentation could adversely affect the Fund.

#### Mortgage-Backed and Asset-Backed Securities

The Funds may invest in mortgage-backed and asset-backed securities. Mortgage-backed securities represent an interest in a pool of mortgages. When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancings and prepayments slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. The ability of an issuer of asset-backed securities to enforce its security interest in the underlying assets may be limited. Asset-backed securities are subject to many of the same risks as mortgage-backed securities.

#### Currency Exposure

The Funds' portfolio may have positions which are denominated in currencies other than U.S. Dollars. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. The Investment Manager may not necessarily seek to hedge the foreign currency exposure, and as such investments would be subject to varying degrees of foreign exchange risks. In addition, prospective investors whose assets and liabilities are predominately in other currencies should

take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and such other currencies.

#### Prime Brokers

Pursuant to each prime brokerage agreement, margin lending agreement or other agreement with the Prime Brokers or their affiliates, each Prime Broker and/or their affiliates may be authorized to lend either to themselves or to others any or all assets deposited with a Prime Broker and its affiliates, to convey all attendant rights of ownership (including voting rights and the right to transfer the assets to others), and to use all such assets as collateral for their general loans within the limits of applicable law and regulations. Unless otherwise agreed with a Prime Broker (or its affiliates), any such assets used as collateral, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated by a Prime Broker or its affiliates either separately or in common with other property for any amounts due to a Prime Broker or its affiliates (or for a greater amount), and a Prime Broker or its affiliates shall have no obligation to retain a like amount of similar property in their possession and control.

Investors will rank as an unsecured creditor to its Prime Brokers (who may also serve as custodians) in relation to assets that any such Prime Broker borrows, lends or otherwise uses and, in the event of the insolvency of such Prime Broker, the Master Fund might not be able to recover equivalent assets in full. Investors should assume that the insolvency of any of the Master Fund's Prime Brokers, custodians or other service providers could result in the loss of all or a substantial portion of the Master Fund's assets held by or through such entity.

#### Custodians

Institutions, such as brokerage firms or banks, will have custody of a portion of investor's assets. These assets will often be registered in "street name". Bankruptcy or fraud at one of these institutions could impair the operational capabilities or the capital position of investors. The Investment Manager will attempt to concentrate its investment transactions with well-capitalized and established banks and brokerage firms in an effort to mitigate such risks.

#### Counterparty Risk

Investors will be subject to the risk of the inability of any counterparty (including its prime brokers and custodians) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes.

#### Systemic Risk

Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Investment Manager will interact on a daily basis.

### **MANAGEMENT AND FUND RISKS**

#### Reliance on Management

Investors do not and will not have an opportunity to select or evaluate investments by the Funds, or to review the Master Funds' portfolio. The Investment Manager will select all the Funds' investments and the quality of its decisions will dictate the Funds' success or failure. No guarantee or representation is made that the Funds' strategies will be successful. The Investment Manager may simply fail to identify favorable investment opportunities or to accurately evaluate those investments that it does make on behalf of the Fund. Further, the business and prospects of the Investment Manager may be materially and



adversely affected by the death or incapacity of the Mr. Goldman and any of the senior personnel of the Investment Manager.

#### Illiquidity

No market for the interests in the Funds exists or can be expected to develop. Interests cannot be sold without the consent of an affiliate of the Investment Manager in its sole discretion and unless either they are subsequently registered under the Securities Act and registered or qualified under any applicable state securities laws or exemptions from such registration and qualification are available.

#### Potential Mandatory Redemption

Seven Locks or an affiliate may, in their sole discretion at any time, require an investor to redeem all or a portion of its investment in a Fund. Such mandatory redemption could result in adverse tax and/or economic consequences to such investor.

#### “Master-Feeder” Structure

The “master-feeder” fund structure – in particular the existence of multiple feeder funds investing in the same master fund – presents certain unique risks to investors. Smaller feeder funds investing in a master fund may be materially affected by the actions of larger feeder funds investing in the master fund. For example, if the larger of the Onshore Fund and the Offshore Fund redeems from the corresponding Master Fund, the remaining fund may experience higher *pro rata* operating expenses, thereby producing lower returns. The Master Fund may become less diverse due to a redemption by the larger feeder fund, resulting in increased Master Fund risk. The Onshore Fund or the Offshore Fund may redeem its investment in the Master Fund at any time, if such fund determines that it is in the best interests of the investors to do so. Upon any such redemption, Seven Locks would consider what action might be taken, including the investment of all the assets of the redeeming fund in another pooled investment entity having the same investment objective as the redeeming feeder fund or management of such fund’s assets directly.

#### Initial Investor Risk

The Investment Manager and the Funds have entered into an agreement with an initial investor pursuant to which the initial investor was granted certain rights in exchange for a commitment to provide a significant seed capital investment to certain Funds. Among other rights, the initial investor will be entitled to receive a portion of the Master Funds' net profits, which will, in effect, reduce the amount of the management fee and incentive allocation that will be received by the Investment Manager. While the initial investor has special redemption and transparency rights, the initial investor has no obligations or responsibilities to the Funds whatsoever other than providing the initial investment. The Funds and the Master Funds are obligated to indemnify the initial investor against any loss arising from the agreement between the initial investor, the Investment Manager and the Funds. The Funds' obligation to indemnify the initial investor shall not extend to investment losses suffered as a result of the initial investor’s status as investor in the Funds.

#### Effect of Substantial Redemptions

Substantial redemptions by investors within a short period of time could require the Fund to liquidate securities positions more rapidly than would otherwise be desirable, possibly reducing the value of the Funds' assets and/or disrupting the Investment Manager’s investment strategy. Reduction in the size of the Funds could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Funds' ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. Substantial redemptions from other investment vehicles and individual managed accounts advised by the Investment Manager could also detrimentally affect a Fund by increasing the Fund's allocation of shared expenses. In addition, an overall reduction in

the Investment Manager's assets under management, whether through the Fund or otherwise, could limit the Investment Manager's ability to make particular investments.

#### Amortization of Organizational Costs

The Funds' financial statements are generally prepared in accordance with U.S. generally accepted accounting principles, which do not permit the amortization of organizational costs. Notwithstanding this, the Funds are amortizing its organizational costs over a period of time, and as a result the financial statements may be qualified in this regard.

#### Limitation of Liability and Indemnification

Under the Delaware Revised Uniform Limited Partnership Act, a general partner is accountable to the limited partners as a fiduciary and, consequently, is required to exercise good faith and integrity in handling Fund affairs. The Partnership Agreement provides that the general partner, an affiliate of the Investment Manager, any liquidating agent, their respective affiliates and any of their respective partners, members, managers, shareholders, officers, directors, agents, administrator or employees shall be indemnified and held harmless from and against, any and all damages, disbursements, suits, claims, liabilities, obligations, judgments, fines, penalties, charges, amounts paid in settlement, costs and expenses (including without limitation attorneys' fees and expenses), which, in the judgment of the general partner, arise out of, relate to or are in connection with the management or conduct of the business or affairs of the Funds (collectively, "Indemnified Losses"), except for any Indemnified Losses that are finally found by a court of competent jurisdiction to have resulted primarily from the gross negligence or willful misconduct of the person seeking indemnification. Therefore, an investor may have a more limited right of action against the general partner than an investor would have had absent these provisions.

#### Limitation of Liability and Indemnification of the Investment Manager

The investment management agreement with the Investment Manager includes exculpation and indemnification provisions that limit the Investment Manager's potential liability to the investors, the Funds and the Master Funds, as well as third parties. Therefore, an investor may have a more limited right of action against the Investment Manager than they would have had absent these provisions.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose here all material facts regarding certain legal or disciplinary events that would be material to your evaluation of the investment adviser or the integrity of its management. Seven Locks has no such legal or disciplinary events/information to disclose.

#### **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Andrew Goldman, managing partner of Seven Locks, maintains less than 1% passive ownership of Great Bridge Corporation, a research company that provides reports and data to financial institutions. Seven Locks maintains a service agreement contract with Great Bridge Corporation in which soft dollars are paid for research services.

#### **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

As an investment adviser registered with the SEC, Seven Locks has adopted a code of ethics pursuant to SEC Rule 204A-1. All clients, investors and pre-qualified, approved potential investors in the Funds managed by Seven Locks may request a copy of the code of ethics by contacting Scott Donnelly at (212) 692-3645 or via email at [sdonnelly@sevenlockscapital.com](mailto:sdonnelly@sevenlockscapital.com).

Seven Locks has adopted a code of ethics and policy on personal trading and related activities concerning trading by firm personnel that is designed to detect and prevent potential conflicts of interest between Seven Locks and its clients. The policy, among other things, provides for the following:

All employees are prohibited from trading, either personally or on behalf of others, in securities except in situations where Seven Locks believes such personal investments will not create a conflict of interest between Seven Locks, its employees and clients;

All employees of Seven Locks are subject to pre-clearance procedures for all permissible securities;

All employees are required to submit regular reports of holdings and security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest;

Employees are required to certify annually that they will follow Seven Locks's code of ethics and insider trading policies and procedures;

Employees are prohibited from accepting or giving gifts of any material value from any person that does business with or on behalf of the Seven Locks; and

Employees are required to obtain advance approval to serve as a director or trustee of unaffiliated for profit and non-profit organizations.

#### **ITEM 12: BROKERAGE PRACTICES**

In selecting brokers or dealers to effect transactions, the Investment Manager seeks to obtain the best combination of pricing, expertise and ability to perform execution services, ability to execute transactions in liquid markets at competitive prices without disrupting the market for a particular security, ability to execute transactions in illiquid markets at competitive prices without disrupting the market for a specific security, range of services provided and products offered (including research and brokerage services), quality and timeliness of market information provided, ability to maintain confidentiality, credit worthiness and financial responsibility. The Investment Manager need not solicit competitive bids for such execution services and does not have an obligation to seek the lowest available commission cost. As such, the Master Fund may pay commissions to such brokers or dealers in an amount greater than the amount another firm might charge.

From time to time, the Investment Manager enters into "soft dollar" arrangements but limits the use of "soft dollars" to obtaining research and brokerage services which constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934. Services that Seven Locks may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information.

Research and brokerage services obtained by the use of commissions arising from the Master Funds' portfolio transactions may be used by the Investment Manager in its other investment activities and thus, the Master Funds may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

Although the Investment Manager will make a good faith determination that the amount of commission paid is reasonable in light of the products or services provided by a broker, commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable commission rates may result in higher transaction costs than would otherwise be obtainable.

The receipt of such products or services creates a potential conflict of interest between the Investment Manager and its clients.

The Funds pay one of their prime brokers for use of certain office space. The prime broker provides office space together with related services, which may include telephone and data network infrastructure and maintenance, receptionist, mailroom and technical support, office furniture, telephone equipment and usage, cable service, food and beverage services, access to common market data, computer equipment and copiers, and shares use of common areas. The provision of office space and related services to the Investment Manager or its affiliates may be on terms, including fees, that may be more advantageous to the Investment Manager than the terms on which the Investment Manager could obtain such services from other vendors. The provision of office space and related services by the prime broker, or the terms on which these are provided, may be a factor when the Investment Manager selects a prime broker and/or brokers for the execution of portfolio transactions for the Funds or the Master Funds.

The Investment Manager does not receive direct client referrals from its brokers. However, certain of the prime brokers utilized by the Investment Manager may organize “capital introduction” or similar events for potential investors interested in investing in hedge funds. Such events provide prospective clients with the opportunity to meet with the Investment Manager and its personnel may be given the opportunity to present at such events. The Investment Manager does not compensate the prime brokers for organizing such events or for investments ultimately made by prospective investors attending such events. However, such events and other services (including, without limitation, capital introduction services) provided by a prime broker may influence us in deciding whether to use such prime broker.

The Investment Manager, which is responsible for the investment decisions made on behalf of the Funds, may in the future be responsible directly or indirectly for investment decisions made on behalf of other investment vehicles. The Investment Manager may take action with respect to the Funds that differs from that taken with respect to other pooled investment vehicles advised by the Investment Manager. To the extent a particular investment is suitable for multiple clients, such investment will be allocated between the clients pro rata based on assets under management or in some other manner which the Investment Manager determines is fair and equitable under the circumstances to all clients.

The Investment Manager may elect to effect purchase and sale transactions between its clients with respect to particular investments; provided that (i) such transactions shall be effected at the current market price for such investment (or at mid for investments that trade on a bid/offer basis) and (ii) no fees shall be paid to the Investment Manager or any of its affiliates in connection with such transaction.

#### **ITEM 13: REVIEW OF ACCOUNTS**

Mr. Goldman and the investment team reviews the strategy and investments of the Funds daily, performing both top down and bottom up reviews of the positions, allocations and strategies. In addition, Mr. Goldman utilizes proprietary screening and monitoring programs to assist his review of the strategy. The Funds typically provide in writing to investors audited annual financial statements, periodic unaudited performance reports, and, for U.S. Funds, all tax information relating to their investments in the Fund necessary for U.S. federal income tax purposes.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

Seven Locks does not receive any economic benefit from anyone other than its clients for providing investment advice or other advisory services to its clients. Additionally, other than the potential indirect benefits provided to brokers that arrange “capital introduction” events as described in detail in Item 12 – Brokerage Practices, Seven Locks has an agreement with AESA Marketing Consultants, LLC to provide outsourced marketing and consulting services. In addition, Seven Locks has an agreement with Heller Advisory and Silver Leaf Partner, LLC to provide outsourced marketing services.

**ITEM 15: CUSTODY**

Seven Locks or its affiliates enter into agreements with qualified custodians to maintain custody of the Funds’ assets as and to the extent required by Rule 206(4)-2 under the Investment Advisor’s Act. These qualified custodians generally include banks, registered broker dealers, registered commodity futures merchants and potentially certain foreign financial institutions. While Seven Locks does not take physical custody of any client assets, Seven Locks may be deemed to have custody because of its discretionary authority, and because of the automatic deductions for advisory fees. The Funds are responsible for all costs of such qualified custodians.

As Seven Locks has arranged for delivery of audited financial statements to each Fund investor within 120 days of the end of each fiscal year, investors do not receive reports directly from the Funds’ qualified custodians.

Seven Locks urges all clients and underlying investors to carefully review all statements received from the administrator.

**ITEM 16: INVESTMENT DISCRETION**

Seven Locks’ investment advisory services are provided on a discretionary basis. Seven Locks may exercise this discretion to determine what securities to trade on behalf of each Fund, in what amount to trade such securities and the executing brokers for such transactions. This discretion is subject to any guidelines or restrictions on the investment activities set out in the relevant Investment Management Agreement between Seven Locks and such Fund.

**ITEM 17: VOTING CLIENT SECURITIES**

Seven Locks intends that, absent definitive reasons why a proxy should not be voted, all proxies will be voted based on the Firm’s proxy voting policy. Seven Locks has developed a proxy voting policy which it believes is reasonably designed to insure that proxies are voted in the best interest of the Funds it manages and in accordance with its fiduciary duties and Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. Clients may not direct Seven Locks as to how to vote a particular proxy. Seven Locks’ policies and procedures contain procedures designed to address potential conflicts of interest that may arise between Seven Locks and its clients. Clients may obtain both information about how Seven Locks voted proxies and a copy of its Proxy Voting Policy by either calling or emailing Scott Donnelly at (212) 692-3645 or via email at [sdonnelly@sevenlockscapital.com](mailto:sdonnelly@sevenlockscapital.com)

**ITEM 18: FINANCIAL INFORMATION**

A registered investment adviser is required to provide clients with certain financial information or disclosures about its financial condition in certain circumstances. Seven Locks is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations and fiduciary commitments to its clients and has not been the subject of a bankruptcy petition. As such, Item 18 is not applicable.

**ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Seven Locks is not registered or required to be registered as an investment adviser in any state. Therefore, Item 19 is not applicable.

**OTHER**Trade Errors

Seven Locks attempts to minimize trade errors by promptly reconciling confirmations with trade orders and intended orders, and by reviewing past trade errors to understand the internal control breakdown that caused the errors. It is the policy of Seven Locks that Seven Locks:

- (a) Should bear any loss associated with correcting a trade error in a client account caused by Seven Locks;
- (b) May not use soft dollar credits to compensate a broker/dealer for absorbing the cost of a trade error;
- (c) May not use the promise of future trade commissions to compensate a broker/dealer for absorbing the cost of a trade error; and
- (d) May not use one client's account to correct an error made in another client's account.

Trading errors caused by Seven Locks are corrected at no cost to the client. Losses and gains shall not be offset in any account; the client shall benefit by the entire amount of any gain, net of any commission, and shall be reimbursed the entire amount of any loss, including any commission.

Limited Liquidity

Underlying investors in the Funds have limited redemption rights subject to varying lock-up provisions, if any. Once the lock-up provision, if any, has been satisfied, investors upon 70 days prior written notice, may elect to redeem any portion of their investment as of the last day of any calendar quarter. Investors should refer to the Offering Documents for any Funds in which they invest for a full description of their liquidity rights.