

Item 1. Cover Page

Valarc Holdings, LLC
Part 2A of Form ADV: Firm Brochure
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This brochure provides information about the qualifications and business practices of Valarc Holdings, LLC (“Valarc”). If you have any questions about the contents of this brochure, please contact us at (212) 486-7774 or eaj@valarcholdings.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.

Valarc is an investment adviser registered with the United States Securities and Exchange Commission. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Valarc is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Material Changes

There are no material changes from the brochure dated March 31, 2017.

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Item 4. Advisory Business

Valarc Holdings, LLC (“Valarc” or the “Investment Adviser”), a Delaware limited liability company, was formed in October of 2013. The Firm serves as an Investment Adviser to private funds, the Valarc Master Fund, Ltd., and two feeder funds, Valarc Fund, L.P. and Valarc Offshore Fund, Ltd. (each a “Fund” and collectively, the “Funds”), which commenced operations in January 2014. Valarc Master Fund, Ltd. and Valarc Offshore Fund, Ltd. are Cayman Islands Exempted Companies and Valarc Fund, L.P. is a Delaware limited partnership. The Funds are not registered with the SEC as investment companies in reliance upon an exemption from registration under Section 3(c)(7) of the Investment Company Act of 1940 (the “Investment Company Act”). In this brochure, we generally refer to the trading activities of the Funds, but virtually all of the trading activity of the Funds occurs at the Master Fund level.

Hari Ramanan and Adam Ryan are the principals of Valarc and of the Funds’ general partner, Valarc GP, LLC (the “GP”).

The Funds’ investment objective is to generate attractive absolute compound annual returns over the long term, primarily by investing in mispriced equity securities of publicly-traded companies globally. A value-oriented investment approach will be employed - one that is believed to be insight-driven, opportunistic, concentrated, and long-term. The Investment Adviser intends to pursue the investment objective described above and will generally follow the outlined investment program for so long as such program is in accordance with the Funds’ investment objective, although the Investment Adviser reserves the right to formulate new approaches to carry out the investment objective of the Funds. If any of the new approaches are material, Valarc will notify Fund investors, as appropriate.

Valarc has full discretion in trading on behalf of the Funds. It does not require, and will not seek, approval from the Funds or the investors in the Funds with respect to its trading.

For additional details on the strategies and material risks of the Funds, see Item 8 of this brochure entitled “Methods of Analysis, Investment Strategies and Risk of Loss.”

As of December 31, 2017, Valarc managed regulatory assets under management of \$203,671,543.

Item 5. Fees and Compensation

Deduction of Fees

Investors in the Funds will be subject to management fees paid quarterly in advance and incentive allocations made annually in arrears as of each year-end. All management fees will be received by Valarc and will be deducted directly from the Funds at the Master Fund level. All incentive allocations will be received by Valarc General Partner (as a special shareholder in the Master Fund). The incentive allocation takes the form of a reallocation of profits to Valarc GP's capital account at the Master Fund level. The incentive allocation will be subject to a loss carryforward provision. For additional information on performance-based compensation, see Item 6 of this brochure, "Performance-Based Fees and Side-by-Side Management."

Operating Expenses

Valarc will render its services to the Funds at its own expense and will be responsible for its own overhead expenses including: office rent; furniture and fixtures; stationery; secretarial/internal administrative services; salaries; employee insurance; and payroll taxes. All Fund expenses will be paid by the Funds and will include: the fees payable to the Investment Adviser; legal, compliance, audit, accounting (including third party accounting services) and third party administrator fees and expenses; organizational expenses; investment expenses such as commissions and research fees and expenses; interest on margin accounts and other indebtedness; borrowing charges on securities, commodities and other financial instruments and assets sold short; custodial fees; Fund-related insurance costs; expenses attributable to regulatory filings which are made with respect to the assets of the Funds (including Section 13, Section 16 and Form PF filings); and any other expenses reasonably related to the purchase, sale or transmittal of Funds' assets

Negotiation of Fees; Waivers

Compensation payable to Valarc or Valarc GP will not generally be negotiable. Valarc or Valarc GP, as applicable, may waive or modify its management fees or incentive allocations for investors that are members, employees or affiliates of Valarc or Valarc GP and relatives of these persons.

Item 6. Performance-Based Fees and Side-by-Side Management

The Master Fund will make an annual incentive allocation to Valarc GP equal to a percentage of the net profits attributable to each investor's interest in a particular class of securities in the U.S. Fund or the Offshore Funds. This annual incentive allocation will be subject to a loss carryforward provision. If an investment has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to the investment, no incentive allocation will be paid until the amount of the loss previously allocated to such investment has been recouped. This loss carryforward is subject to a *pro rata* reduction to reflect redemptions made by an investor. Since trading is done at the Master Fund level only and Valarc manages no other accounts, an incentive to favor the Fund over other accounts does not exist.

Item 7. Types of Clients

Valarc provides discretionary investment advice to the Funds, and they are the Investment Adviser's only clients currently. The investors in the Funds are expected to consist of high net worth individuals, fund of funds, pension plans, endowments, foundations, family offices, institutions, and trusts. Each Fund will limit its investors to persons who are both "qualified purchasers" as defined in the Investment Company Act of 1940 and "accredited investors" as defined in the Securities Act of 1933. These funds each require a minimum initial investment of \$10 million, although this minimum can be reduced in Valarc's sole discretion.

The Funds intend to limit investments by benefit plan investors in order to prevent the Funds from being considered "plan assets" under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Governmental plans, church plans and non-US plans will not be considered "benefit plan investors", per ERISA Section 3(42). The Funds will take certain actions to identify and keep benefit plan investors below the 25% ERISA threshold.

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

Methods of Analysis and Investment Strategy

The Funds' investment objective is to generate attractive absolute compound annual returns over the long term, primarily by investing in mispriced equity securities of publicly-traded companies globally.

The General Partner has retained the Investment Adviser to invest and reinvest all capital of the Funds. References made below regarding the Investment Adviser purchasing, shorting, buying and/or selling investments are, in all cases, on behalf of the Funds.

The Funds will employ a value-oriented investment approach that the Investment Adviser believes is insight-driven, opportunistic, concentrated, and long-term.

Value-Orientation. The Investment Adviser believes that intrinsic worth or value is the present value of all unencumbered future cash flows available to the owners of the business over its remaining life. As a value investor, the Investment Adviser will seek to make investments in only those businesses that it can capably value and only when it believes the market prices for those investments are at a meaningful discount to the Investment Adviser's estimate of the businesses' intrinsic values.

Insight-Driven. The Investment Adviser is insight-driven in its search for investment opportunities. The Investment Adviser believes the public market trading price for a particular equity security generally reflects the market's estimate of the present value of its future cash flows. The Investment Adviser will seek to identify misunderstood situations that it believes will ultimately translate to a meaningfully different estimate of the long-term earnings power of the business from that reflected in its market price.

The Investment Adviser will seek to develop and articulate value-added insights prior to making an investment. These insights will be developed by seeking to capitalize on perceived informational, analytical, and behavioral advantages versus the market. Informational advantage tends to be a result of field-based research such as on the quality of a company's service, a change in an industry's pricing structure, or the track record of an up-and-coming chief executive. It can also be triangulated by going through extensive and sometimes ignored regulatory filings, contracts, and white papers. Analytical insight can be formulated as a result of forensic accounting efforts or from the financial modeling of management's operational improvement or capital re-allocation programs. It can also be developed by looking at different publicly available data or simply interpreting the presented data differently. Behavioral analysis arises from understanding and articulating other investors' irrational behavior – such irrational behavior often exists due to recurring biases that may cloud investors' judgment leading to the mispricing of securities.

Concentrated Portfolio. Consistent with the Investment Adviser's insight-driven approach as described above, the Investment Adviser will remain realistic about the number of meaningful

insights it can generate over a period of time. The Investment Adviser believes value-added insights are rare and accordingly will hold a concentrated portfolio of investments.

Opportunistic. The Investment Adviser is opportunistic in its search for investments and in deploying the Funds' capital. The Investment Adviser seeks to avoid stylistic or other types of restrictions which could make the investment enterprise less objective. Furthermore, the Investment Adviser will hold cash when the Investment Adviser has not identified sufficient attractive investment opportunities or believes attractive investment opportunities are scarce.

Exposure and Leverage. The Investment Adviser intends to pursue both "long" and "short" investments. However, the Funds will not have any minimum short exposure. Therefore there may be no short exposure at times. As described above, the Funds will hold cash when the Investment Adviser has not identified sufficient attractive investment opportunities or believes attractive investment opportunities are scarce. At other times, the Funds may use leverage on a gross exposure basis. Given the concentrated nature of the portfolio, the Funds' use of leverage is expected to be modest.

Material Investment Risks

The Funds may be deemed to be a speculative investment and are not intended as a complete investment program. Investment in the Funds is suitable only for persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment and who meet the conditions set forth in this Memorandum and the Subscription Agreement. There can be no assurance that the Funds will achieve their investment objective. Investment in the Funds involves significant risks and while the following summary of certain of these risks must be carefully evaluated before making an investment in the Funds, the following does not intend to describe all possible risks of such an investment.

Market Risks

The profitability of a significant portion of the Funds' investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Investment Adviser will be able to predict accurately these price movements. Although the Investment Adviser may attempt to mitigate market risk through the use of long and short positions or other methods, there is always some, and can be a significant, degree of market risk.

Nature of Investments

The Investment Adviser has broad discretion in making investments for the Funds. Investments will generally consist of global equity securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that the Investment Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, 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 as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

Equity-Related Instruments in General

The Investment Adviser will primarily use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Non-U.S. Securities

Investing in securities of non-U.S. governments and companies which are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Short Sales

Short selling, or the sale of securities not owned by the Funds, necessarily involves certain additional risks. Such transactions expose the Funds to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and in the case of equities, without limit. There is the risk that the securities borrowed by the Funds in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Funds might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received (which

could result in a potentially unlimited loss). Over-the-counter options also involve counterparty solvency risk.

Special Situations

The Funds may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds 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 Funds may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Funds may invest, there is a potential risk of loss by the Funds of the entire investment in such companies.

Concentrated Portfolio

The Funds expect to have a concentrated portfolio. Accordingly, the Funds' portfolio may consist of a few, relatively large (in relation to its capital) securities positions. A loss in any such position could have a material adverse impact on the Funds.

Small to Medium Cap Stocks

The Investment Adviser may invest in the stocks of companies with small to medium sized market capitalizations. While the Investment Adviser believes they often provide significant potential for appreciation, such stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large capitalization stocks. In addition, due to thin trading in some of the stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks. Moreover, such companies may lack management depth or the ability to generate the funds necessary for growth.

Leverage

As noted above, the Funds may utilize leverage in modest amounts. This results in the Funds controlling substantially more assets than the Funds have equity. Leverage increases the Funds' returns if the Funds earn a greater return on investments purchased with borrowed funds than the Funds' cost of borrowing such funds. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Funds' cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the

Funds' assets, the Funds might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

Depending on conditions in the credit environment at any time, the Investment Adviser may find it difficult or impossible to obtain leverage for the Funds. In such an event, the Funds could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in the Investment Adviser being forced to unwind positions quickly and at prices below what the Investment Adviser deems to be fair value for the positions.

Hedging Transactions

The Funds may utilize a variety of financial instruments such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts for both risk management and general investment and speculation purposes. With respect to the Funds' risk management and hedging transactions, there can be no assurances that a particular hedge is appropriate, or that a certain risk is measured properly. Further, while the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in poorer overall performance and increased (rather than reduced) risk for the Funds than if they did not engage in any such hedging transactions. Moreover, the Funds will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). In addition, the Funds may choose not to enter into hedging transactions with respect to some or all of its positions.

Currency Risks

The investments of the Funds that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. From time to time, the Investment Adviser may try to hedge these risks by investing in currencies and options thereon, forward currency exchange contracts, or any combination thereof, but there can be no assurance that such strategies will be implemented or, if implemented, will be effective. The Funds may also invest in currencies for speculative purposes.

Counterparty Risk

To the extent the Funds invest in OTC swaps, "synthetic" or derivatives instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Funds take the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Custody and Prime Brokerage Risk

There are risks involved in dealing with the custodians or prime brokers who settle the Master Fund's trades. The Master Fund maintains custody accounts with its prime brokers and primary custodians (the "Prime Brokers"). Although the Investment Adviser monitors the Prime Brokers and believes that they are appropriate custodians, there is no guarantee that the Prime Brokers, or any other custodians that the Master Fund may use from time to time, will not become bankrupt or insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect customer property in the event of a bankruptcy, insolvency, failure, or liquidation of a broker-dealer, there is no certainty that, in the event of a failure of a broker-dealer that has custody of Master Fund assets, the Master Fund, and thus the Funds, would not incur losses due to the Master Fund's assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both.

The Master Fund and/or the Prime Brokers may appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Master Fund. The Prime Brokers may not be responsible for cash or assets which are held by sub-custodians in certain non-U.S. jurisdictions, nor for any losses suffered by the Master Fund as a result of the bankruptcy or insolvency of any such sub-custodian. The Master Fund may therefore have a potential exposure on the default of any sub-custodian and, as a result, many of the protections that would normally be provided to a fund by a custodian may not be available to the Master Fund. Under certain circumstances, including certain transactions where the Master Fund's assets are pledged as collateral for leverage from a non-broker-dealer custodian or a non-broker-dealer affiliate of the Prime Brokers, or where the Master Fund's assets are held at a non-U.S. custodian, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Master Fund and hence the Master Fund could be exposed to a credit risk with regard to such parties. Custody services in certain non-U.S. jurisdictions remain undeveloped and, accordingly, there is a transaction and custody risk of dealing in certain non-U.S. jurisdictions. Given the undeveloped state of regulations on custodial activities and bankruptcy, insolvency, or mismanagement in certain non-U.S. jurisdictions, the ability of the Master Fund to recover assets held by a sub-custodian in the event of the sub-custodian's bankruptcy or insolvency could be in doubt, as the Master Fund may be subject to significantly less favorable laws than many of the protections that would be available under U.S. laws. In addition, there may be practical or time problems associated with enforcing the Master Fund's rights to its assets in the case of a bankruptcy or insolvency of any such party.

Interest Rate Risk

The Funds' portfolio may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities.

Illiquidity and In Kind Distributions

Investors are subject to significant restrictions on withdrawal. Transfers of limited partnership interests will be permitted only with the written consent of the General Partner. Accordingly, an investment in the Funds is a relatively illiquid investment and involves a high degree of risk. Further, if a substantial number of Investors were to withdraw from the Funds and the Funds did not have a sufficient number of liquid securities, the Funds may have to meet such withdrawals through distributions of thinly-traded or illiquid securities directly to Partners or to a liquidating trust or liquidating account. In light of the foregoing, a subscription for limited partnership interests should be considered only by persons who are financially able to maintain their investment for an extended period of time and who can accept a loss of all of their investment.

Lack of Liquidity of Fund Assets; Valuation

Fund assets may, at any given time, include securities, financial instruments or obligations which are very thinly traded or for which no market exists and/or which are restricted as to their transferability under applicable securities laws. The lack of an established, liquid secondary market for some Fund assets may have an adverse effect on the market value of those assets and on the Investment Adviser's ability to dispose of them. The sale of any such investments may be possible only at substantial discounts. Further, such investments may be extremely difficult to value with any degree of certainty. In light of the foregoing, there is a risk that an Investor who withdraws all or part of his investment while the Funds hold such investments will be paid an amount less than he would otherwise be paid if the actual value of such investments is higher than the value designated by the General Partner. Similarly, there is a risk that such Investor might, in effect, be overpaid if the actual value of the investments in restricted or thinly traded securities is lower than the value designated by the General Partner. In addition, there is a risk that an investment in the Funds by a new Investor (or an additional investment by an existing Investor) could dilute the profitability of such investments to existing Investors.

Because of overall size, concentration in particular markets and maturities of positions held by the Funds, the value at which their investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at using the methodology described herein. In addition, the timing of liquidations may also affect the values obtained on liquidation. Securities to be held by the Funds may trade with bid-ask spreads that may be significant. The Funds are entitled to rely, without independent investigation, upon pricing information and valuations furnished by third parties, including pricing services. At times, third-party pricing information may not be available for certain positions held by the Funds.

Incentive Allocation

The allocation at the Fund level to the General Partner of a percentage of the Master Fund's net profits may create an incentive for the Investment Adviser, an affiliate of the General Partner, to cause the Master Fund to make investments that are riskier or more speculative than would be the case if this allocation were not made. Since the Incentive Allocation is calculated on a basis

which includes unrealized appreciation of assets, such allocation may be greater than if it were based solely on realized gains.

Side Letters

The General Partner has adopted a policy of not having the Funds enter into side letters or similar agreements with prospective or existing Investors whereby such Investors may be subject to terms and conditions that are more advantageous than those set forth in this Memorandum, with the following exceptions: (i) principals, employees or affiliates of the General Partner or the Investment Adviser, and relatives of such persons, may not be charged the Management Fee or the Incentive Allocation, but will generally still be subject to the same conditions regarding withdrawals as other Investors and (ii) the Funds may enter into side letters or similar agreements with prospective or existing Investors to satisfy legal or regulatory requirements specific to those Investors, or to confirm policies and practices that are applicable to all Investors. Subject to the exceptions identified above, the General Partner will notify Investors if the Investment Adviser enters into an agreement to manage assets for any other fund, entity or account subject to terms and conditions that are more advantageous than those set forth in this Memorandum and will offer such terms to the Investors.

Reliance on the Principals

The Funds rely heavily on the services of the Principals, Hari Ramanan and Adam Ryan. Messrs. Ramanan and Ryan are responsible for all of the major decisions affecting the Funds. Should Messrs. Ramanan and Ryan determine to discontinue managing the affairs of, or withdraw from, the Investment Adviser or should they die, be incapacitated or, for some other reason, be unable to effectively manage the affairs of the Investment Adviser, the business and results of the operations of the Funds may be adversely affected.

Unrelated Business Taxable Income for Certain Tax-Exempt Investors

Pension and profit-sharing plans, Keogh plans, individual retirement accounts and other tax-exempt investors may realize “unrelated business taxable income” as a result of an investment in the Funds since the Funds may employ leverage. Any tax-exempt investor should consult its own tax adviser with respect to the effect of an investment in the Fund on its own tax situation.

Non-Disclosure of Positions

In an effort to protect the confidentiality of its positions, the Funds may not generally disclose all its positions to Funds on an ongoing basis, although the General Partner, in its sole discretion, may permit such disclosure on a select basis to certain Investors if the General Partner determines that there are sufficient confidentiality agreements and procedures in place.

Absence of Regulatory Oversight

While the Funds may be considered similar to an investment company, they are not registered and do not intend to register as such under the Investment Company Act. The Funds rely upon an exemption available to privately offered investment companies, and, accordingly, the provisions of the Investment Company Act (which, among other matters, require investment companies to

have disinterested directors, require securities held in custody to at all times be individually segregated from the securities of any other person or marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company) will not be applicable.

Business and Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes could occur during the term of the Funds that may adversely affect the Funds. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Funds and the ability of the Funds to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Funds could be substantial and adverse including, for example, increased compliance costs, the prohibition of certain types of trading and/or the inhibition of the Funds' ability to pursue certain of its investment strategies as described herein.

Requests for Information

The Master Fund, or any of its directors or agents domiciled in the Cayman Islands, may be compelled to provide information, subject to a request for information made by a regulatory or governmental authority or agency under applicable law (e.g., by the Cayman Islands Monetary Authority, either for itself or for a recognized overseas regulatory authority, under the Monetary Authority Law (2013 Revision), or by the Cayman Islands Tax Information Authority, under the Tax Information Authority Law (2013 Revision) or Reporting of Savings Income information (European Union) Law (2007 Revision) and associated regulations, agreements, arrangements and memoranda of understanding). Disclosure of confidential information under such laws shall not be regarded as a breach of any duty of confidentiality and, in certain circumstances the Master Fund and any of its directors or agents, may be prohibited from disclosing that the request has been made.

Accounting for Uncertainty in Income Taxes

The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48") to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective Investors should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Funds, including reducing the net asset value of the Funds to reflect reserves for income taxes that may be payable in respect of prior periods by the Funds. This could adversely affect certain Investors, depending upon the timing of their purchase and withdrawal of limited partnership interests.

Item 9. Disciplinary Information

Neither Valarc nor any of its affiliates have been the subject of any legal or disciplinary events since their inception and through the date on the cover of this brochure that are material to an investor's or prospective investor's evaluation of Valarc's business or integrity.

Item 10. Other Financial Industry Activities and Affiliations

Neither Valarc nor any of its management persons are registered or have a pending application for registration as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading adviser or associated person of a futures commission merchant, commodity pool operator or commodity trading adviser.

The Investment Adviser has filed a claim of exemption from registration as a commodity pool operator (“CPO”) with the United States Commodity Futures Trading Commission (“CFTC”) in connection with private investment funds whose participants are “accredited investors,” as defined in Regulation D under the Securities Act, certain family trusts and certain persons affiliated with the Investment Adviser. The Investment Adviser intends to limit use of futures by the Funds such that either (i) no more than 5% of its assets are used to establish commodity interest positions or (ii) the notional value of its commodity interest positions does not exceed 100% of the fund's liquidation value. Unlike a registered CPO, the Investment Adviser is not required to deliver a disclosure document and a certified annual report to participants in the Funds.

Valarc is affiliated with Valarc GP, which serves as the general partner to the Funds. Mr. Ramanan and Mr. Ryan are the principals and members of both Valarc and Valarc GP. The relationship between Valarc and Valarc GP does not, in and of itself, create any material conflicts of interest affecting investors in the Funds. However, please see Item 11 below for “Conflicts of Interest”, Item 6 of this brochure entitled “Performance-Based Fees and Side-by-Side Management” and Item 5 Fees and compensation for further information about the relationship between Valarc and Valarc GP

The General Partner, Investment Adviser and Funds (collectively, the “Parties”) are represented by the same U.S. counsel. The Funds do not have separate and independent legal counsel and the Parties’ legal counsel does not represent investors in the Funds.

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

Code of Ethics.

Valarc has adopted a Code of Ethics pursuant to SEC Rule 204A-1. Valarc's Code of Ethics (the "Code") includes a personal securities transaction policy and policies and procedures to detect and prevent insider trading. Specifically, the Code sets forth standards of ethical and business conduct expected of Valarc's personnel and addresses conflicts that may arise from personal trading by Valarc's personnel. The Code, among other things, requires compliance with the federal securities laws, reflects Valarc's fiduciary responsibilities and those of its advisory personnel, prohibits certain personal securities transactions and requires pre-clearance of other securities transactions. Additionally, the Code defines material and nonpublic information and the restrictions on trading on any material and nonpublic knowledge and sets forth the responsibilities of all personnel relative to insider trading. The Code also includes policies and procedures on serving as officers, trustees and/or directors of outside organizations and participating in outside business activities.

All principals and employees of Valarc must acknowledge understanding and agree to comply with the Code initially upon employment and must certify on an annual basis that they have read and understand the code and have complied with it.

In its role as investment adviser to the Funds, Valarc and its principals and employees make investment decisions for the Funds. Valarc and its principals and employees may trade and invest for their own accounts. To address conflicts of interest that may be posed by this type of trading, Valarc maintains the Code. Specifically, the Code requires that the principals and employees of Valarc report transactions in certain securities and instruments and obtain written pre-clearance from Valarc's Chief Compliance Officer before being allowed to invest in certain securities and instruments. The Code also establishes minimum holding periods for such securities. Additionally, the Code requires principals and employees to submit transaction reports and initial and annual holding reports showing all transactions in which the person has, or by reason of such transaction acquires, any direct or indirect beneficial ownership in covered securities, with limited exceptions for securities such as shares of exchange-traded funds. This enables Valarc to determine with reasonable assurance any indications of scalping, front-running or other appearance of a conflict of interest.

Valarc's Code of Ethics is available to investors and potential investors upon request.

Conflicts of Interest

In addition to the conflict of interest arising from trading by Valarc or its principals or employees for their own accounts, as discussed immediately above, and conflicts relating to Valarc's receipt of performance-based compensation, which are discussed under Item 6 of this brochure entitled "Performance-Based Fees and Side-by-Side Management," investors in the Funds are subject to additional conflicts of interest. Some of these conflicts are summarized here, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the

Funds. The confidential explanatory memoranda for the U.S. Fund and the Offshore Fund contain a more complete description of what Valarc believes to be the most significant conflicts of interest associated with an investment in the Funds.

Valarc serves as the investment adviser to all Funds, which pursue an investment strategy and investment policy substantially similar to each other's. Accordingly, Funds may co-invest in many of the same securities and issuers. Any personal trading by employees of the Investment Adviser will be conducted in accordance with the Investment Adviser's Code of Ethics. The Investment Adviser's Code of Ethics prohibits employees of the Investment Adviser from purchasing positions in securities held by the Funds.

The Investment Adviser will notify Investors if it enters into an agreement to provide investment advisory services to another entity or account.

Although trading is expected to take place at the Master Fund level only, subject to the foregoing, the General Partner and the Investment Adviser (or their members, principals, affiliates and employees) may give advice or take action with respect to one Fund that differs from the advice given with respect to another. To the extent a particular investment is suitable for all Funds, such investments will be allocated between the Funds on a pro rata basis based on assets under management or in some other manner which the General Partner and the Investment Adviser determine is fair and equitable under the circumstances to all Funds. From the standpoint of the Funds, simultaneous identical portfolio transactions for the Funds may tend to decrease the prices received, and increase the prices required to be paid, by the Funds for the portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among the Funds in an equitable manner as determined by the General Partner and the Investment Adviser.

In addition, purchase and sale transactions (including swaps) may be effected between the Funds subject to the following guidelines: (i) such transactions shall be effected for cash consideration at the current market price of the particular securities, and (ii) no brokerage commission or fee (except for customary transfer fees or commissions paid to a third party broker) or other remuneration shall be paid in connection with any such transaction.

While the Master Fund's portfolio is typically based on pricing from independent sources such as brokers, in calculating the Master Fund's net assets, the Administrator is entitled to rely on information provided by the Investment Adviser. Because the General Partner receives a percentage of the Master Fund's net profits indirectly through an allocation made at the Master Fund level, the General Partner's or the Investment Adviser's involvement regarding valuation of the Master Fund's portfolio may present a potential conflict of interest.

As a result of the foregoing, the General Partner and the Investment Adviser (and their members, principals, affiliates and employees) may have conflicts of interest in allocating their time and activity between the Funds, in allocating investments among the Funds and in effecting transactions between the Funds, including ones in which the General Partner and the Investment Adviser (and their members, principals, affiliates and employees) may have a greater financial interest.

Each of the General Partner, the Investment Adviser and the Principals will use its best efforts in connection with the purposes and objectives of the Funds and will devote so much of its or his time and effort to the affairs of the Funds as is reasonably necessary to accomplish the purposes of the Funds. The Partnership Agreement specifically provides that the General Partner and the Investment Adviser (or their members, principals, affiliates and employees) may conduct any other business including any business within the securities industry whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the General Partner and the Investment Adviser (or their members, principals, affiliates and employees) may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its own name or through other entities and may serve as an officer, director, consultant, partner or stockholder of one or more companies, investment funds, partnerships, securities firms or advisory firms. The Partnership Agreement also recognizes that it may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds to take or liquidate the same investment positions at the same time or at the same prices.

Trade Errors.

Although Valarc has procedures designed to minimize mistakes made in executing trades, trade errors may occasionally occur. If it is determined that the trade error was caused by Valarc in its capacity as investment adviser to the Funds, the trade error will be brought to the attention of the Chief Compliance Officer and senior management and Valarc will attempt to correct it as quickly as possible. Any cost or benefit of a trade error will be borne by the relevant Fund unless such trade error resulted from the fraud, gross negligence, willful misconduct or material violation of the Partnership Agreement by Valarc.

Item 12. Brokerage Practices

The Investment Adviser is authorized to determine the broker or dealer to be used for each securities transaction for the Funds. In selecting brokers or dealers to execute transactions, the Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Investment Adviser's practice to negotiate "execution only" commission rates, thus the Funds may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment adviser to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Currently Valarc does not intend to utilize soft dollars. If it does in the future, except for services that would be a Fund expense, the Investment Adviser will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of commissions arising from the Fund's investment transactions for services other than research and brokerage will be limited to services that would otherwise be a Fund expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e). Since Section 28(e) relates only to the use of commissions on equity transactions, the use of commissions on transactions in instruments other than equity securities would also be outside the parameters of Section 28(e).

In some instances, the Investment Adviser may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, the Investment Adviser will make a good faith effort to determine the relative proportion of the product or service used to assist the Investment Adviser in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting the Investment Adviser in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other

purposes outside Section 28(e) will be paid for by the Investment Adviser from its own resources.

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

Although the Investment Adviser will make a good faith determination that the amount of commissions 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 and the determination of the appropriate allocation in the case of "mixed use" products or services create a potential conflict of interest between the Investment Adviser and its clients.

In selecting brokers and negotiating commission rates, the Investment Adviser will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Investment Adviser may place transactions with a broker or dealer that (i) provides the Investment Adviser (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by the Investment Adviser (or an affiliate), if otherwise consistent with seeking best execution; provided the Investment Adviser is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors.

When appropriate, the Investment Adviser may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Clients participating in aggregated trades will be allocated securities based on the average price achieved for such trades.

The Master Fund maintains accounts at Morgan Stanley & Co., Goldman, Sachs & Co. and National Financial Services, LLC, through which the Master Fund will execute trades, borrow funds in connection with trades, clear and settle its securities transactions and maintain custody of its securities. Further, the Master Fund may also be required (or find it advantageous) to maintain custody of certain of its non-U.S. securities at brokers or financial institutions located in non-U.S. jurisdictions.

The Investment Adviser reserves the right, in its sole discretion, to change the brokerage and custodial arrangements, described above, without further notice to the Investors.

Item 13. Review of Accounts

Each Fund is reviewed and subjected to risk analysis (e.g., exposure across sectors and industries) on a daily basis by Valarc. This analysis includes review of each day's trading and daily, monthly and year-to-date profit and loss.

Valarc sends each investor monthly unaudited reports of the performance of the Funds, annual investor letters and annual audited year-end financial statements.

Item 14. Client Referrals and Other Compensation

Certain broker-dealers or other counterparties may provide Valarc with certain “soft dollar” research, client referrals or other services as a result of Valarc executing trades with such persons. Currently, no client referrals are provided by broker-dealers or other counterparties. Please see Item 12 of this brochure entitled “Brokerage Practices.”

Item 15. Custody

Valarc is deemed to have custody of the assets held by the Funds. Valarc relies on the exception from the “Custody Rule” under Rule 206(4)-2(b)(4) of the Advisers Act, pursuant to which it is exempted from, or deemed to be in compliance with, certain requirements of Rule 206(4)-2 relating to the custody of client funds or securities. Valarc relies on the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that each of the Funds be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each of the Funds distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

Item 16. Investment Discretion

Pursuant to the governing documents of the Funds, Valarc, as investment adviser, has been granted complete investment authority with respect to securities owned by the Funds. This authority is conveyed by investors subscribing to the Funds through subscription agreements, without limitation.

Item 17. Voting Client Securities

Valarc has the authority to vote the securities held by the Funds. In accordance with SEC Rule 206(4)-6, under the Advisers Act (the “Proxy Voting Rule”), Valarc has adopted proxy voting policies and procedures reasonably designed to ensure that Valarc votes proxies in the best interest of its clients. Neither the Funds nor any investor in the Funds may direct Valarc’s vote with respect to any particular solicitation and all decisions relating to voting proxies shall be made by Valarc.

Valarc will vote proxies on behalf of the Funds in the interest of maximizing investor value. To that end, Valarc will vote in a way that it believes is consistent with its fiduciary duty and will cause the value of the issue to increase the most. Decisions will not be made on social, ethical, moral or other non-economic grounds. Consideration will be given to both the short and long-term implications of the proposal.

As a fiduciary, an investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of investors and not subrogate any Fund’s interests to its own interests. Rule 206(4)-6 places specific requirements on registered investment advisers with proxy voting authority. The Funds have delegated proxy voting responsibilities to the Firm. The Firm has delegated proxy voting responsibilities to the CCO, working directly with the Firm’s principals.

Item 18. Financial Information

There is no current financial condition that is reasonably likely to impair Valarc's ability to meet its contractual commitments to the Funds.