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

**May 31, 2018**

This brochure provides information about the qualifications and business practices of ExWorks Capital, LLC (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at (312) 443-8500. 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.

Additional information about the Adviser is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ***Advisory Business***

### General Information

ExWorks Capital, LLC (the “Adviser”) is a Delaware limited liability company organized on August 7, 2013.

The Adviser was initially formed in 2013. The Adviser’s primary business is to provide investment advisory services to certain pooled investment vehicles (each a “Fund” and collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). As the investment manager to the Funds, the Adviser identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of the Funds.

The purpose of the Funds is to make loans and hold loan assets and make and refinance private corporate loans to exporters/importers and other businesses in the United States and abroad, including providing the following types of export/import and collateralized business related loans that may be credit enhanced at the Adviser’s discretion: (a) trade financing transactions which includes lending on a secured basis and/or purchasing assets that may be sold in the U.S. or abroad; and (b) working capital loans and term loans. A portion of the Funds’ loan transaction may be guaranteed, to some extent, by the Small Business Administration (the “SBA”), the Export-Import Bank of the United States (“EXIM”) or another government agency or instrumentality.

The Adviser’s senior management team has been working together for over 15 years and has over 100 years combined industry experience. It has a proven track record in all aspects of the lending process, from diligence, to underwriting, to fund operations/management. The Adviser utilizes its senior management team’s depth of contacts in the United States and London to access financing opportunities, and to interface with the SBA and EXIM.

The Adviser currently has approximately 36 full-time employees that support all aspects of the business, including originating deals, underwriting credits, monitoring credits/operations and management oversight. The Adviser is headquartered in Chicago, IL, and has origination offices in Atlanta, GA, Dallas, TX, London, England, Los Angeles, CA, Miami, FL, New York, N.Y. and Washington, D.C.

The Adviser’s original Fund, ExWorks Capital Fund I, L.P. (the “Original Fund”), was created in August of 2014 and as of March 31, 2018 had committed limited partner capital of \$159 million, all of which was deployed. The Original Fund participates in loans and loan transactions on a pro rata basis based on capital committed with three parallel vehicles, ExWorks Capital Fund I-

Parallel Vehicle, L.P. (“PVI”), ExWorks Capital Fund II-Parallel Vehicle, L.P. (“PVII”) and ExWorks Capital Fund QP I, L.P. (“QP Fund”). All four Funds have the same investment focus. The combined committed limited partner capital of all four Funds is \$305 million, of which approximately ninety-five percent (95%) was deployed as of March 31, 2018.

The Funds execute their strategy by: (i) utilizing the Adviser’s in-house origination staff and strong relationships with outside referral sources to originate financing opportunities; and (ii) selecting opportunities with acceptable risk and promising return potential in order to build a diversified portfolio. When possible and available, the Funds may seek to leverage their assets through the SBA and EXIM. As of March 31, 2018, less than ten percent (10%) of the Funds’ deployed capital was committed to transactions with SBA or EXIM guarantees, and the rest constituted other transactions with collateral and/or credit enhancements deemed appropriate by the Adviser.

For updated information about Funds’ performance and portfolio, please refer to their quarterly investor reports and to the Funds’ most recent financial statements, which have been audited by Deloitte.

The Funds may from time to time seek new capital commitments from existing or new limited partners to fund existing and new transactions. The timing of those commitments will be at the sole discretion of the General Partner and there is no requirement that all limited partners be offered an opportunity to participate, pro rata or otherwise. Timing and amounts of capital calls with respect to new commitments will depend on the timing of new transactions and the level of transaction repayments. All new capital will participate pro rata based on contributions in the Fund’s existing portfolio and in all new Fund transactions going forward. In addition, the General Partner and Adviser will continue, when appropriate, to raise capital through the Original Fund, PVI, PVII and QP Fund and new parallel vehicles from time to time. As a result, each Fund’s share of the aggregate portfolio of transactions is expected to decline over time even if its deployed capital stays constant.

#### RedRidge Finance Group

RedRidge Finance Group, LLC (“RedRidge”) was founded in early 2009 by Randy Abrahams, the Adviser’s founder and Chairman. RedRidge provides comprehensive due diligence services for more than 100 banks, private equity firms, public companies, and other institutions. The scope of work ranges from Quality of Earnings, to Collateral Performance Testing, to Valuation Services, and other miscellaneous engagements. RedRidge has offices in Chicago, Los Angeles, Dallas, Asheville and Milwaukee. The Adviser contracts with RedRidge to provide all diligence work required by its underwriting process for the Funds. The Adviser also contracts with RedRidge to provide ongoing diligence and support with respect to the Fund’s transactions. While the majority of RedRidge’s fees and expenses are paid or reimbursed by the Funds’

borrowers and counterparties, the Funds are responsible for any shortfall. The relationship with RedRidge allows the Funds and Adviser to move quickly on investment opportunities, while controlling most aspects of the diligence and underwriting process. As an affiliated company of the Adviser, RedRidge shares office space with the Adviser and the Funds are significant clients of RedRidge. For the quarter ended March 31, 2018, RedRidge generated approximately forty-one percent (41%) of its revenue from work for the Funds.

#### World Trade Finance

World Trade Finance, LLC (“WTF”) is a wholly-owned subsidiary of the Adviser that holds the SBA license pursuant to which the Adviser originates loans guaranteed by the SBA. Pursuant to the terms of an Investment Agreement between the Adviser, WTF and ExWorks Capital Fund, LLC, funds managed by the Adviser provide all necessary funding for all of WTF’s SBA loans in exchange for all principal, interest and other fee income generated by such SBA loans.

#### Investment Discretion

All of the Adviser’s investment advisory services are provided on a discretionary basis. As of March 31, 2018, the Adviser had approximately \$324 million in assets under management, all from the Funds.

#### Controlling Owners

Randolph T. Abrahams, Richard E. Perlman and James K. Price are the controlling owners of the Adviser.

#### ***Fees and Compensation***

The Funds generally pay the Adviser an annualized management fee ranging from 7.25% to 2.0%, as set forth below, and as further described in each Fund’s offering or other documents (the “Management Fees”). The Management Fees are typically paid quarterly in advance and are deducted from the applicable Fund. Initially, each Fund pays its Management Fee on each investor’s unreturned capital contributions. After the investment period of each Fund, as described in detail in the offering documents or limited partnership agreement or other documents of each Fund, the percentage fee of the Management Fee is reduced.

In addition, the General Partner of the Funds is entitled to receive distributions of carried interests which vary from Fund to Fund and which is subject to the Funds attaining returns which also vary from Fund to Fund (see below under “Performance-Based Fees”).

### Expenses

The Management Fees cover: (i) each Fund's organizational and startup expenses; (ii) ordinary and administrative overhead expenses incurred in connection with maintaining and operating the Funds, the General Partner and the Adviser; and (iii) all other expenses incurred in connection with the administration or operation of the Funds. The Funds are responsible for all investment-related expenses, including expenses associated with the origination, acquisition, monitoring, maintenance, holding, servicing and disposition of their actual or proposed investments, and any taxes, fees or other governmental charges levied against the Funds, all to the extent all those costs are not paid for or reimbursed by borrowers or counterparties and provided that such costs shall be allocated among the Funds pro rata based on the portion of the applicable investment made by each Fund. The Funds are also responsible for extraordinary expenses and other expenses set forth in their respective limited partnership agreements (such as litigation, if any).

### Miscellaneous Information about Fees and Compensation

In the event of a termination of a Fund, fees will be prorated. Any paid but unearned fees will be promptly refunded to each Fund, and any fees due to the Adviser will be invoiced or deducted from each Fund's prior to termination. The Adviser may negotiate or set a Management Fee and carried interest percentages and other terms different from the foregoing with respect to any Fund it manages.

### ***Performance-Based Fees***

As noted above, while the Adviser does not receive a performance fee, the General Partner is entitled to receive a carried interest with respect to each Fund. The carried interest and return percentages vary from Fund and Fund, but are described in detail in the offering documents and limited partnership agreements of each Fund. Investors should note that a carried interest arrangement may provide an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such an arrangement.

### ***Types of Clients***

The Adviser provides investment advisory services to the Funds, which are available to high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, funds of funds, trusts, estates, charitable organizations and other entities or persons meeting the Fund's investment criteria.

### Minimum Investment Requirement for the Funds

The minimum investment requirement for the Funds is currently \$750,000. However, existing limited partners are grandfathered at lower minimums. Furthermore, the General Partner of the

Funds, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the applicable Fund's documents.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

#### **Methods of Analysis and Investment Strategies**

*Investment Strategies.* The Adviser's strategy for the Funds consists of investing in three distinct financing products, some of which may be guaranteed by the SBA or EXIM Bank:

- (1) **Trade Finance.** For the trade finance business line, the Funds can act as direct exporter/importer, purchasing goods with an existing purchase order and collecting from a buyer, be it in the U.S. or a foreign jurisdiction. All loans are secured by borrower assets, purchase orders and, when appropriate, the Funds seek to mitigate risk via credit insurance, letters of credit and/or SBA or EXIM bank guarantees. Generally, these sales are recurring, and the Funds will collect a margin on each turn of the trade, increasing returns on deployed capital. In addition, the Funds will consider making loans and purchasing loan assets, and assets that are similar or like-kind to the investments described above.
- (2) **Working Capital Loans.** For the working capital loan business, typical loans involve securing assets and extending a facility or line of credit that either revolves, based on new invoices created, inventory on hand or purchased, or remains static based on overall assets of the borrower. These credits are monitored on a daily basis with control of cash collections.
- (3) **Term Loans.** For term loans, the Funds may lend to companies in similar fashion to that of a working capital loan based on being fully collateralized, having credit insurance or letters of credit on key accounts or customers, property, plant and equipment, intellectual property, brand names/trade styles, other assets and overall enterprise value. Loan positions may also be further secured by additional collateral in excess of primary collateral.

#### **Mechanics of Loan and Trade Pricing**

The Funds utilize several mechanisms to arrive at targeted yields on each transaction. A loan or trade will typically have an interest component calculated and charged monthly, margin sharing whereby the Fund shares in the gross margin of the trade or particular sales revenue of the borrower it finances (paid upon collection), Payment in Kind or "PIK" interest capitalized to the loan or trade, closing fees on the outstanding committed facility that are generally capitalized to the loan, success fees due upon payoff of the facility or at certain maturities, unused line fees

based on total average unfunded portion of the facility and warrants for equity in some borrowers.

All fee and interest components flow into the Funds to produce yields. The Funds are not a bank or traditional lender and may utilize or convert pricing components during the term of the loans or trades for amended terms, additional advances, longer term or maturity. Pricing mechanics are customized for each transaction and are situational in order to maximize yield for the Funds and create the highest possible values over time. The Funds' shorter-term debt instruments and trades contemplate necessary extensions of loans and trades and the pricing opportunities that go with them as an important component of the business model.

### *Origination*

The Adviser utilizes origination platforms spread across the U.S. in major metropolitan areas as well as its office in London, England. In addition, the Adviser's connections with trade organizations, relationships generated at industry conferences, strategic corporate relationships, export/import trade departments at financial institutions, as well as relationships with bankers, CPAs and lawyers, provide the Funds with a stream of potential business.

The Adviser applies a disciplined approach to transaction selection. After a transaction is recommended by the Adviser's senior credit staff, transactions are then reviewed by the Adviser's Executive Chairman and/or Chief Credit Officer before term sheets are issued.

### *Leverage*

The Funds are borrowers under two credit facilities. One facility, with current availability of \$50 million, is used by the Fund primarily to minimize idle cash and fund transactions pending capital contributions from new or existing limited partners or parallel vehicles. The ability to minimize idle cash, combined with the difference between the cost of funding under the facility and the Funds' investment income on transactions, allows the Funds to maintain and enhance returns. As authorized by the Advisory Committee of the Funds, the Funds limit leverage to twenty-five percent (25%) of the aggregate commitments of all limited partners not counting leverage related to the SBA/EXIM Bank guaranteed portion of the Funds' portfolio. The second facility, with current availability of \$15 million (expected to increase to at least \$30 million in 2018), is used by the Funds to fund SBA/EXIM guaranteed loans.

### Risk of Loss

While the Adviser seeks to diversify the Funds' investments by investing in multiple companies, all investments are subject to risks. Accordingly, there can be no assurance that a Fund will be able to fully meet its investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that the Funds face.



- *Nature of Investment.* An investment in the Funds is speculative and involves a high degree of risk. The Funds' performance may be volatile, and an investor could incur a total or substantial loss of their investment. There can be no assurance that projected or targeted returns for the Funds will be achieved. There is no assurance that the investments held by the Funds will be profitable, or that there will be proceeds from such investments available for distribution to the limited partners.
- *Future and Past Performance.* The past performance of the Funds is provided with the Funds' offering materials for illustrative purposes only and is not necessarily indicative of the Funds' future results. It is possible that return rates targeted by the Funds for their future investments will be less than the historical results set forth herein or in any quarterly update letter. While the General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the Funds' future investments will perform as well as their past investments, or assurances that any targeted internal rate of return will be achieved. On any given investment or on all investments, loss of principal is possible.
- *Reliance on Borrower and Financial Reporting.* In many cases, the Adviser will rely on the financial information made available by the borrowers or issuers in which the Funds invest, and generally will not have the ability to independently verify such financial information. Therefore, the Funds are subject to risks of fraud and accounting irregularities.
- *Bridge Financing.* The Funds lend or provide financial guarantees or similar instruments to borrowers on a short-term basis in anticipation of a future issuance of long-term debt securities or other refinancing, but such future events may not occur. As a result, the short-term loans may remain outstanding and the interest rate may not adequately reflect the risk associated with the Funds' unsecured position.
- *Investments in Less Established Companies.* The Funds invest a significant portion of their assets in smaller, less established companies, which typically involves greater risks than are generally associated with investments in more established companies. Less established companies have lower capitalization and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies may also have shorter operating histories on which to judge future performance.
- *Risks of Realization and Lack of Liquidity of Investments.* The Funds generally will provide senior secured debt to private companies, which are not publicly-traded do not have the liquidity of conventional public bond and equity securities. Due to their illiquid nature, the Funds may not be able to dispose of their interest in a debt security before maturity in a timely manner and/or at a fair price (or at the value that would be expected

to be realized were the securities to be more liquid), which could result in losses to the Funds, including the loss of their entire investment.

The Funds are also subject to risks arising from changes in the financial condition or prospects of the companies whose borrowings underlie the Funds' investments, changes in national or international economic or political conditions (including acts of war, terrorism or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made.

- *Uncertain Exit Strategies.* Due to the illiquid nature of some of the positions that the Funds may acquire, the Adviser is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.
- *Risks Associated with Making Loans.* Direct loans are subject to risks, including: (i) the possible invalidation of a particular investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (ii) "lender liability" claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Funds to directly enforce rights with respect to participations. Successful claims by third parties arising from these and other risks, absent actual fraud, willful misconduct or gross negligence by the General Partner or Adviser, may be borne by the Funds.
- *Credit Risks.* Debt investments generally are subject to the borrower's ability to make interest and principal payments as they become due. The Funds' income and value might be reduced if a borrower fails to repay interest or principal.
- *Nature of Investments in Senior Loans.* The Funds cannot guarantee that the value of any underlying collateral, the creditworthiness of the borrower, or the priority of the liens will be adequate for the protection of the Funds' interests in senior loans. While the Funds' investment interests in senior loans typically will be secured by collateral and may be credit-enhanced, the Funds may have difficulty liquidating the collateral or enforcing their rights under the terms of the senior loans in the event of the borrower's default or other factors, and the value of such collateral may be insufficient to protect the Funds against losses or a decline in income in the event of a borrower's non-payment of interest or principal. In addition, some loans may not have priority over other unsecured debt of

an issuer, the Funds may invest in debt instruments that are not secured by collateral, and loans may become non-performing.

Furthermore, the liens referred to herein generally only cover domestic assets; non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries).

Finally, upon a bankruptcy filing by an issuer of debt, United States Code (11 U.S.C. §§ 101-1330) (the “Bankruptcy Code”) imposes an automatic stay on payments of its prepetition debt. Nonperforming debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to file for chapter 11 reorganization, the Bankruptcy Code authorizes the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are “fair and equitable” to the class and certain other conditions are met.

The Funds’ investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the borrower repaying the principal on an obligation held by the Funds earlier than expected.

- *Foreign Exposure.* With the recent opening of the Adviser’s London office, the Funds expect to enter into loans and finance transactions to an increasing number of foreign borrowers and in foreign jurisdictions. Foreign loans and transactions involve additional risks relating to political, economic, or regulatory conditions in foreign countries, including, but not limited to, fluctuations in foreign exchange rates, withholding or other taxes, restrictions on the repatriation of income, burdens of complying with a wide variety of foreign laws and legal standards, increased financial accounting complexities, difficulties in managing and staffing international operations, difficulties securing collateral, the less stringent legal protections and systems of many foreign markets and other operational risks. These factors generally make foreign loans and transactions riskier than similar transactions in the United States.
- *Lender Liability Considerations and Equitable Subordination.* In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions (i.e., the Funds) on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or

shareholders. In addition, the court may utilize “equitable subordination,” where a court subordinates the claim of a lending institution that violated common law principles to claims of the disadvantaged creditors or creditors. While believed to be unlikely, the holder of certain underlying securities could be subject to allegations of lender liability or equitable subordination, which could potentially reduce the cash flows and/or market value of such security.

- *Interest Rate Risk.* In general, the value of a debt security changes as prevailing interest rates change. For fixed-rate debt securities, when prevailing interest rates fall, the values of outstanding debt securities generally rise. When interest rates rise, the values of outstanding debt securities earning lower rates generally fall, and they may sell at a discount from their face amount. The debt instruments in which the Funds will invest generally will have adjustable interest rates. For that reason, the General Partner and the Adviser expect that when interest rates change, the amount of interest received by the Funds in respect of such debt investments will change in a corresponding manner.
- *Creditor Rights.* In some cases, the General Partner or the Adviser may seek appropriate creditor rights to help protect the Funds’ interests, like the right to appoint one or more representatives to the board of directors. Such creditor rights may expose the Funds’ representatives, and ultimately the Funds, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability.
- *Recourse to the Funds’ Assets.* The Funds’ assets are available to satisfy all liabilities and other obligations of the Funds. Satisfaction of liabilities may not be limited to the particular investment giving rise to the liability.
- *Leverage Risk.* The Funds have two credit facilities pursuant to which it borrows money. One facility has current availability of \$75 million (the “General Facility”) and the other, used to fund SBA/EXIM Bank guaranteed loans, has current availability of \$15 million (expected to increase to at least \$30 million in 2018) (the “SBA/EXIM Facility”). Leverage is currently limited to twenty-five percent (25%) of aggregate Fund limited partner commitments, not including leverage related to the SBA/EXIM Bank portion of the portfolio since that portfolio is in large part guaranteed by the SBA and EXIM Bank. The Funds may increase leverage beyond current levels upon approval of the Advisory Committee. The Funds borrow money to finance loan investments and transactions, which will exaggerate the effect of any default or losses in the Funds’ portfolio. Money borrowed is also subject to interest and other costs (including unused line fees). Unless the income of the Funds’ investments with borrowed funds exceed the cost of borrowing, the use of leverage will diminish the Funds’ returns.

The General Facility is a revolving line of credit with current maximum availability of \$75 million. The interest rate under the General Facility is LIBOR plus 4.25% with an unused line fee of between one-half of one percent and 0.375% depending on usage. The General Facility is secured with all Funds' assets, excluding SBA and EXIM Bank guaranteed loans. The SBA/EXIM Facility is also a revolving line of credit with current maximum availability of \$15 million (expected to increase to at least \$30 million in 2018). The interest rate under the SBA/EXIM Facility is PRIME plus 1.0% with an unused line fee of 0.15%. The SBA/EXIM Facility is secured by the WTF assets (i.e., primarily the relevant loans) and a partial guaranty by the Funds.

- *Potential Liabilities.* The Funds will indemnify the General Partner, the Adviser, and their investment professionals, among others, for liabilities incurred in connection with operations of the Funds, including liabilities arising from such suits. Such indemnification obligations and other liabilities could be substantial.
- *Diverse Membership of the Limited Partners.* The limited partners may include taxable and tax-exempt persons and entities and may include investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the General Partner or Adviser that may be more beneficial for one type of limited partner than for another type of limited partner. In addition, the General Partner may make investments for the Funds that may have a negative impact on other investments made by any limited partner in separate transactions. In selecting investments appropriate for the Funds, the General Partner and the Adviser will consider the investment objectives of the Funds as a whole, not the investment objectives of any limited partner individually.
- *Failure to Make Capital Contributions.* If a limited partner defaults on the limited partner's obligation to make required capital contributions, it may be difficult for the Funds to make up the shortfall from other sources, which could have a material adverse effect on the Funds, their assets and the interests of the other limited partners.
- *Dilution from Subsequent Closings.* Each limited partner subscribing for an interest in a Fund at any subsequent closing will participate in existing investments of the Funds based on contributed capital, and hence, will dilute the interests of the existing limited partners. Distributions are generally based on contributed capital and, as a result, there can be no assurance that a new contribution will reflect the fair value of the Funds' existing investments at the time such additional capital contribution is made.
- *Advisory Board.* The General Partner will appoint one or more limited partner representatives to the Advisory Board. None of the Advisory Board members shall owe any fiduciary duties to the Funds or any other Partner. In addition, representatives of the

Advisory Board may have various business and other relationships with the Adviser and its partners, employees and affiliates, and all, but one, are affiliates of the General Partner and Adviser. These relationships may influence their decisions as members of the Advisory Board.

- *Risks Related to Conflicts of Interest*

The Adviser (and its members, managers, directors, employees, or Affiliates) (“Adviser Personnel”) may serve as investment manager, advisor, or in another capacity to other funds or client accounts and conduct investment activities for its own accounts (“Other Accounts”). Such other entities or accounts may have investment objectives or may implement investment strategies similar to those of the Funds.

Adviser Personnel may give advice or take action with respect to such Other Accounts that differs from the advice given with respect to the Funds. The Adviser or any of its Affiliates or any person connected with them, including the members, managers, directors and employees of the Adviser may invest in, directly or indirectly, or manage or advise other investment funds or accounts that invest in assets that may also be purchased or sold by the Funds. Neither the Adviser nor any of its Affiliates nor any person connected with them, including the members, managers, directors and employees of the Adviser, is under any obligation to offer investment opportunities of which any of them becomes aware to the Funds or to account to the Funds in respect of (or share with the Funds or inform the Funds of) any such transaction or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Funds and Other Accounts.

As a result of the foregoing, the Adviser Personnel may have conflicts of interest in allocating investments and their time by and among the Funds and Other Accounts.

To resolve any such conflict, Adviser Personnel will, at all times, have regard for their obligation to the Funds, use their best efforts in connection with the purposes and objectives of the Funds, will devote so much of their time and effort to the affairs of the Funds as may, in their judgment, be necessary to accomplish the purposes of the Funds. Without limiting the generality of the foregoing, the Adviser and its directors may act as investment manager or 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 investment funds, partnerships, securities firms or advisory firms. It may not always be possible or consistent with the investment objectives of the various persons or entities described above and of the Funds for the same investment positions to be taken or liquidated at the same time or at the same price. The Adviser may from time to time act as trustee, investment manager, manager, consultant,

custodian, registrar, broker, administrator, distributor or dealer in relation to, or be otherwise involved in, other funds established by parties other than the Funds which have similar objectives to those of, or invest in similar securities to those held by, the Funds. It is, therefore, possible that any of them or their respective directors, shareholders, members, officers, agents or employees may, in the course of business, have potential conflicts of interest with the Funds. Each will, at all times, have regard in such event to its obligations to the Funds and will endeavor to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Funds, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

### ***Disciplinary Information***

The Adviser has no disciplinary events to disclose.

### ***Other Financial Industry Activities and Affiliations***

The General Partner of each Fund is an advisory affiliate of the Adviser.

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

#### **Code of Ethics**

Under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), the Adviser and its principals and certain employees ("Supervised Persons") owe fiduciary duties to their clients. Consistent with these duties, the Adviser has adopted the Code of Ethics that, among other things, requires that its Supervised Persons reflect the professional standards expected of investment advisers and comply with federal and state securities laws and regulations pertaining to the Adviser. Under the Code of Ethics, Supervised Persons should place the interests of clients first, ahead of their own personal interests, and generally seek to treat clients fairly. In addition, Supervised Persons are prohibited from engaging in any practice that defrauds or misleads any client or investor, or engaging in any manipulative or deceitful practice with respect to clients, investors or securities.

The Code of Ethics also includes provisions addressing personal trading by Supervised Persons, as summarized below:

*Personal Trading.* Under the Code of Ethics, Access Persons are generally required to submit information about their personal trading activities to the Adviser's CCO or the CCO's designee for review. In addition, Access Persons are prohibited from trading any securities in the Adviser's Restricted List and are required to notify the CCO or the CCO's designee and obtain

advance approval of investment in private placement and initial public offerings. Violations of the Code of Ethics may result in disciplinary action up to and including dismissal.

*Participation or Interest in Client Transactions.* Under the Code of Ethics, Supervised Persons are prohibited from trading in securities on the basis of material, non-public information or communicating material, non-public information about the issuer of any security to any other person.

A Supervised Person is generally any partner, officer, director or employee of the Adviser. An Access Person is a Supervised Person who has access to non-public information regarding any borrower or who is involved in making securities recommendations or underwriting decisions on loans and financing transactions.

The Adviser will provide a copy of the Code of Ethics to clients or prospective clients upon request.

### ***Brokerage Practices***

The Adviser only utilizes the services of broker-dealers for transaction-related services when disposing of equity securities received in connection with loan transactions. When the Adviser uses a broker-dealer for a securities transaction, the Adviser will seek to obtain best execution for any such transactions.

### **Soft Dollar Transactions**

The Adviser does not generate or use soft dollars, which are credits generated by transactions placed with certain securities broker-dealers that may be used to “purchase” certain research and brokerage products from such securities broker-dealers.

### **Aggregation of Trades**

The Funds normally do not actively trade in securities. However, the Adviser may aggregate a Fund’s securities trades with those of another Fund to the extent consistent with receiving best execution. Generally, Funds participating in an aggregated order will receive an average price of all trades placed that trading day and pay their ratable share of brokerage costs. In some cases, the Adviser may be excluded from aggregated block trades due to legal or regulatory concerns.



## ***Review of Accounts***

### **Oversight and Monitoring**

The portfolio managers of the Funds will review Funds' accounts not less than quarterly. These reviews will focus on appropriateness of the Funds' investments for the Funds' portfolio and the performance of the Funds.

### **Reporting**

Investors in the Funds generally receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of the Fund. In addition, investors in each Fund will typically receive unaudited summary financial information regarding the Fund following the end of each financial quarter.

## ***Client Referrals and Other Compensation***

The Adviser does not engage solicitors who refer clients or investors to the Adviser.

## ***Custody***

The Adviser (through the General Partners) is deemed to have custody of certain assets of the Funds. For marketable securities, the Funds' custodian is JPMorgan Chase & Co. For marketable securities that the Adviser expects to trade, the marketable securities are generally held by the custodian on behalf of the Funds. In some cases, securities are held in book-entry form by the issuer of such securities on behalf of the Funds. Substantially all of the Funds' cash is held in bank accounts at CIBC Bank USA and The Northern Trust Company. The Adviser does not use the qualified custodian to send quarterly account statements directly to the Funds or investors in the Funds. Each Fund is audited annually and the annual audited financial statements of each Fund are made available to the Fund's investors.

## ***Investment Discretion***

The Adviser has discretionary authority to determine the investments to be bought or sold and the amounts to invest for the Funds under the governing documents of the Funds and other agreements.

## ***Voting Client Securities***

As a general policy, the Adviser votes proxies related to securities held in Fund accounts in a manner that serves the best interests of the Fund. In voting securities held by the Funds, the Adviser will attempt to resolve any conflict of interest between the Fund and the Adviser's

business interests in the way that will most benefit the Funds. The Adviser maintains a detailed Proxy Voting Policy and a record of how the Adviser has voted proxies, each of which is available to clients upon request.

***Financial Information***

The Adviser does not require or solicit prepayment of fees six (6) months or more in advance, and the Adviser currently does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.