



DGV SOLUTIONS LP

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FORM ADV, PART 2A BROCHURE

March 29, 2016

This brochure provides information about the qualifications and business practices of DGV Solutions LP. If you have any questions about the contents of this brochure, please contact Lance Breiland, our chief compliance officer, at (612) 843-4360 or lb@dgvlp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

We are a registered investment adviser. Any reference to or use of the terms "registered investment adviser" or "registered" does not imply that we or any person associated with us has achieved a certain level of skill or training.

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

ITEM 2. MATERIAL CHANGES

The purpose of this section is to inform you of any material changes since the previous version of our Form ADV, Part 2A brochure, dated July 2, 2015. There are no material changes to report. However, you should review this brochure carefully. If we make any material changes to this brochure in the future, this section will be revised to include a summary of those changes.

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ITEM 4. ADVISORY BUSINESS

Firm Overview

We are DGV Solutions LP, a privately owned Delaware limited partnership located in Minneapolis, Minnesota, USA. We were founded in November 2014 and registered as an investment adviser with the SEC in July 2015. Our principal owner is Jonathan D. Havice.

We are a private fund manager. We provide discretionary management services to private investment funds, or funds that are not registered and whose securities are sold to investors under exemptions from applicable securities laws. We currently have one private fund client. We expect to have additional private fund clients in the future, and we may also provide investment advisory or portfolio management services to other types of pooled investment vehicles or to separately managed accounts.

Our sole current client is the one private fund that we manage: DGV Enhanced U.S. Equity Fund LLC. This fund is a Delaware limited liability company. We formed this fund and defined its investment objective and strategy. We sell equity interests in this fund to investors. The proceeds of these equity interests serve as the pool of capital that we manage for the fund according to the investment objective and strategy that we have defined for the fund. We expect that any additional private funds that we manage in the future will, similar to our current fund, be created by us and pursue investment objectives and strategies defined by us. We may adopt restrictions on the type of investments and exposures that we will make in a particular fund. However, in the absence of express restrictions contained in the offering documents for a fund, we are free to invest the funds' assets in any types of securities, instruments or other assets. Although the fund is pursuing a relatively defined investment strategy, there are generally no formal restrictions on its investments.

Assets Under Management

As of February 29, 2016, we had net assets under management of \$120,958,224, all of which were in our sole private fund. We manage all of these assets on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

Our Fees and Compensation

Our current fund's basic fee schedule is a management fee of 0.35% annually of the fund's net assets. We may assess a higher, lower or no management fee with respect to some investors in our fund. No fees are assessed on investments in our fund by us or any of our partners, officers or employees. Our fees are more fully described below and in the private placement memorandum applicable to our fund. These fees are in addition to the other costs and expenses incurred by the funds as described below.

Management Fee

The management fee is paid monthly in advance, based on our fund's net assets at the beginning of each month. For purposes of calculating this management fee, the assets of the fund include any subscriptions funded during the month.

Calculation of Our Fees

The net asset value of the fund is important for many reasons, including because it indirectly determines the amount of management fee to which we are entitled. The calculation of the fund's net asset value depends significantly on the valuation of the fund's securities and other investments. Independent pricing information may not be available or may be difficult to obtain with respect to some or many of our fund's securities and other investments. Valuation may therefore involve uncertainties and judgments and may be subject to varying interpretations of value. Absent bad faith or manifest error, determinations of the fund's value will be conclusive and binding.

Our fund has retained a third-party administrator, The Northern Trust Company, to perform accounting and other services for the fund. The fund's administrator calculates our management fees and provides us with a written statement showing the amount of fees payable and the calculation of those fees. We then initiate payment of these fees by the fund to us. Although there are no refunds generally given, we do not initiate payment of our management fees from the fund unless the fund's administrator has independently calculated and agreed with the payment of those fees. In the event of the termination of our management agreement with the fund, we will refund any management fees paid to us in advance to the extent that such pre-paid fees related to periods after the effective date of the termination.

Other Costs and Expenses

In addition to the management fees paid to us, our fund generally bears all of its own operating and other expenses. These expenses include, without limitation:

- all costs and expenses in connection with purchasing, holding, valuing, selling or exchanging securities or other assets (whether or not ultimately consummated), including, but not limited to, brokerage fees, private placement fees, finder's fees and other execution services, interest on borrowed money, costs and expenses in connection with the registration of investments under applicable securities laws and related legal, accounting and other fees and expenses;
- all fees and expenses in connection with the opening and maintenance of bank, brokerage or custodial accounts;

- all legal, accounting, auditing, bookkeeping, tax return and K-1 preparation and consulting fees and expenses;
- all director and officer, errors and omissions, fidelity bond and other insurance premiums for insurance for the benefit of the fund and us to the extent related to our management of the fund;
- the costs of research products and services that are of benefit to the fund and not otherwise provided by brokers, including the costs of Bloomberg subscriptions, live market data feeds, pricing and valuation data and services and other research products and services;
- the costs of internet and other line charges, data storage and backup and record retention;
- all expenses in connection with meetings of and communications with the fund investors;
- all costs and expenses related to the maintenance and legal and regulatory compliance of the fund, including all costs and fees relating to preparation and filing of required regulatory filings and reports and all registered agent and office and other regulatory costs and expenses;
- all taxes applicable to the fund on account of its operations;
- all costs and expenses arising out of the fund's indemnification obligations pursuant to the fund's limited liability company agreement;
- all syndication and organizational costs, fees and expenses in connection with the formation and organization of the fund, including, without limitation, related legal and accounting fees and expenses; and
- all costs, fees and expenses in connection with the liquidation of the fund and its assets.

In addition, to the extent we invest the assets of any fund into other pooled investment funds that are not affiliated with us, such as mutual funds, exchange-traded funds or other private investment funds, our funds will pay the fees charged by these underlying funds. These fees may include advisory fees, administrative fees and distribution fees. These fees would be in addition to the management fees payable to us.

You should read our response to Item 12 – *Brokerage Practices*, which discusses our brokerage practices and the commissions that we obligate our fund to pay for brokerage services.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described in our response to Item 5 – *Fees and Compensation*, we do not charge a performance-based fee to our sole client, the fund. However, we may in the future have other funds, managed accounts or other clients that will be charged a performance-based fee. In that event, we will face conflicts of interests in managing funds, accounts or other clients that are subject to a performance-based fee while, at the same time, managing funds that are not charged a performance-based fee. At the time we begin charging a performance-based fee, we will address any of those conflicts of interests and make appropriate disclosure regarding how we address those conflicts of interest.

ITEM 7. TYPES OF CLIENTS

Our current client is a private investment fund, or a fund that is not registered under the Investment Company Act of 1940 and whose securities are sold to investors under an exemption from registration under the Securities Act of 1933. In the future, we may have other types of pooled investment vehicles or other persons or entities as clients.

The investors in our private fund, although not directly our clients, may include university and other endowments, foundations, pension plans, sovereign funds, other U.S. and international institutional investors, family offices and high net worth individuals. We generally require that an investor's initial investment in our fund be at least \$1 million. However, we may waive this requirement and accept smaller investments into our fund.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In managing our current fund, we pursue the fund's investment objective, which is to provide exposure to the Standard & Poor's 500 Index, or the S&P 500, with the goal of enhancing risk-adjusted returns by capturing premiums in listed options on the S&P 500. We pursue the fund's investment objective principally by selling, or "writing," put options on the S&P 500 and investing in U.S. Treasuries, other high-quality government or corporate bonds, money market funds and/or cash.

We describe below in more detail our current investment strategy, together with what we believe to be the material risks, characteristics and limitations involved with the strategy and with investing in our fund generally. In addition, before investing in any fund that we manage, you must consider all risks associated with investing in that particular fund. You should therefore read completely and ensure that you understand the applicable private placement memorandum or other offering document related to that particular fund. That document will describe in greater detail the risks set forth below and will identify some additional risks particular to the fund in which you invest. You should also ensure that you have sufficient background and experience in private fund investing to understand thoroughly the strategies employed and risks involved in any investment you make in our funds. If you have any questions regarding any fund that we manage, you should ask us those questions and ensure that you receive answers with which you are fully satisfied. The risks described below or others could result in significant losses or even a complete loss of your investment in any fund we manage. You should be prepared to bear all of the risks described below and others if you invest in any of our funds.

The descriptions of our strategy and the material risks, characteristics and limitations related to the strategy and an investment in our fund should not be understood to limit in any way the potential scope of our fund's investment activities or the securities, instruments or other assets in which we may invest on behalf of our current or any future funds. In addition, our fund may not engage in all of the strategies and activities described in this brochure.

Strategy Description

We pursue a "put write" strategy on the S&P 500 on behalf of our fund, which involves selling, or "writing," put options on the S&P 500. Our fund's strategy is designed to capture the excess risk premium in put options on the S&P 500. In executing our fund's strategy, we may also write options on funds tracking the performance of the S&P 500. We target maintaining a notional amount of such options (defined as the product of the number of index shares underlying each option multiplied by such option's exercise, or "strike," price) reasonably close to the approximate net asset value of our fund. The put options that we elect to sell may have varying strike prices, expirations and other terms. When a given written option expires, we will write one or more additional put options.

Selling put options generates cash to our fund. This cash is held as collateral to support the fund's obligations in respect of these written put options. In addition, substantially all of the other assets of the fund are held in cash or invested in U.S. Treasuries and/or other high-quality credit instruments. A portion or all of these bonds and cash also serve as collateral to support the fund's obligations in respect of the written put options.

In the event that a put option written by the fund expires "out-of-the-money" (i.e., the option's strike price is less than the closing price of the S&P 500 at the time of the option's expiration), the cash generated by the fund's sale of the option will accrue to the fund as profits. In addition, the fund should accrue interest on the U.S. Treasuries, other assets and cash held by the fund, which should be a source of additional

profit. In the event the written option expires “in-the-money” (i.e., the closing price of the S&P 500 at the time of the option’s expiration is less than the option’s strike price), the fund will be obligated to settle the exercised option by making a cash payment for the difference between the option’s strike price and the S&P 500 closing price. The fund will recognize a loss in connection with such exercise if the premium collected was less than the amount the option expired in-the-money. In a declining equity market, the fund will be subject to the losses on the S&P 500, less the amount of premium collected in connection with the fund’s put sales. As a result, you should invest in our fund only if you are able to bear the losses associated with exposure to the S&P 500 and equity markets generally.

Material Risks

Operational and Human Error. The success of our strategy depends in large part upon our exercise of sound judgment and accurate execution of our fund’s investments. This success also requires the use of accurate information, calculations and price relationships in our analysis and the communication of precise trading instructions in our trade execution. Our strategy requires active, ongoing management and dynamic adjustments to positions. Through human error, oversight or operational weaknesses, we may make mistakes or exercise poor judgment in this process, which could lead to significant trading losses. Our trade error policy generally provides that the applicable fund will benefit from any gain or bear any loss, as applicable, resulting from a trade error. In addition, our fund’s limited liability company agreement generally provides that neither we nor our employees, partners and other affiliates will be liable to the fund or any investor for trade errors or other mistakes made in managing the fund, except in cases where the error or mistake is the direct result of our gross negligence or willful misconduct. Therefore, the fund could bear substantial losses as the result of one or more errors on our part.

Options Transactions. The use of options involves a high degree of embedded leverage, which can involve greater risk, especially when not used to hedge the underlying security. Also, the selling of options can result in losses that are substantial, particularly in relation to the amount of premium collected for the sale. The selling of put options is a fundamental part of our fund’s strategy, and investors in our fund will bear significant risks associated with these sales.

Bonds and Other Fixed-Income Securities. Our fund may invest in bonds and other fixed-income securities. Fixed-income securities include, among other securities: bonds, notes and debentures issued by corporations; and debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

Interest Rate Risk and Duration Risk. The value of fixed-income securities generally can be expected to fall when interest rates rise and to rise when interest rates fall. Interest rate risk is the risk that interest rates will rise, so that the value of the security will fall. Duration measures the approximate price sensitivity of a security to changes in interest rates and it is the primary measure of risk within the fixed-income component of a convertible security. Changing conditions and perceptions, including market fluctuations, may modify an obligation’s duration and, independently, have other adverse effects on the value of a security.

General Investment, Market and Economic Risks. The success of our fund’s activities will be affected by general economic and market conditions, such as stock market declines and other trends, interest rates, availability of credit, volatility, inflation rates, economic uncertainty, changes in laws, national and international political circumstances and innumerable other factors. These conditions could affect

substantially and adversely the business and prospects of our fund. For example, a significant decline in U.S. equity markets will likely have an adverse impact on our fund. In addition, the SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies that could affect our fund. These factors may affect the level and volatility of securities prices and the liquidity of our fund's investments, and may affect substantially and adversely the business and prospects of the fund.

Volatility of Securities Markets. Securities prices may be volatile, and securities price movements are influenced by many unpredictable factors. Our fund may experience heightened volatility during turbulent market periods.

Key Personnel. The performance and success of the fund will depend in significant part upon the skill and expertise of our principals and other key personnel and may also be affected by key individuals joining or leaving our firm. We expect these individuals will, consistent with their duties to the fund, devote as much time as they believe is necessary to assist the fund in achieving its investment objectives; however, none of these individuals will devote substantially all of his or her working time to the affairs of the fund. For example, our chief investment officer is also a strategic advisor for Jeffrey Slocum & Associates, Inc., or Slocum, and therefore does not dedicate all of his business time to our business. Rather, some of his business time is dedicated to his role at Slocum. We have hired other professionals to manage our business and the fund's assets on a day-to-day basis. As a result, we believe we can execute our investment process, operate our business generally and implement the fund's and other clients' strategies effectively. Nevertheless, there is a risk that the other activities of our key personnel may negatively impact our fund's performance. We are cognizant of this risk and monitor the outside activities of our key personnel. However, you should invest in our fund only if you are able and willing to bear these risks.

Liquidity. Some of the investments that we will make on behalf of the fund may lack liquidity or be thinly traded. This could present a problem in realizing the prices quoted and in effectively trading the position(s). Although private placements will not be a focus of the fund, in certain situations we may invest in illiquid investments on behalf of the fund, which will reduce the fund's overall liquidity and could result in significant losses. In addition, the fund could be exposed to substantial losses should we find it necessary to liquidate positions during periods of illiquidity.

Lack of Investment Restrictions. Other than as set forth in our fund's private placement memorandum, there are no restrictions that govern or limit our fund's investments, and the fund has no formal diversification policies or requirements. We are free to invest the fund's assets in any instruments or use any strategies we determine in our discretion.

Possible Adverse Effect of Large Withdrawals. The trading strategies we utilize on behalf of our fund could be disrupted by large investor withdrawals, particularly if they occur at or near the same time. For example, such withdrawals could require us to prematurely liquidate fund securities positions or delay deploying capital toward the fund's strategy in anticipation of imminent withdrawals.

High Portfolio Turnover. We may invest our fund's assets without regard for holding periods or turnover. As such, our strategy may from time to time result in high turnover. Higher portfolio turnover generally involves additional expense to the fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of securities and reinvestment in other securities.

Institutional Risk. The institutions, including brokerage firms and banks, with which we (directly or indirectly) do business on behalf of the fund, or to which securities have been entrusted for custodial

purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the fund.

Investment Selection. The investments we choose to include in the fund's portfolio may decline in value. Investment selection risk may cause the fund to underperform other funds with a similar investment objective and investment strategies. We select investments for the fund in part on the basis of available information. We also rely on information obtained from others regarding financial, economic, business and market conditions, factors and trends. Although we will generally evaluate such information and data and seek independent corroboration when appropriate and reasonably available, we will not be in a position to confirm the completeness, genuineness or accuracy of such information and data.

Active Management Risk. We actively manage our fund and its performance therefore reflects in part our ability to make investment decisions that are suited to achieving the fund's investment objective. Due to its active management, the fund could underperform investments with similar investment objectives.

No Guarantee of Investment Performance. We cannot warrant or guarantee that our fund will achieve its stated investment objective or achieve positive or competitive investment returns. Market, regulatory and other factors, many of which cannot be anticipated or controlled by us, could result in our fund not generating positive or competitive returns or could result in an investor in our fund losing a portion or all of his or her investment.

Investors will be Taxed on Profits Whether or not Distributed. If our fund has taxable income for a fiscal year, the income will be taxable to the investors in the fund in accordance with their distributive shares of fund profits even though the fund will not make current distributions of such profits.

Cybersecurity Breaches. We and our fund are subject to a possible cybersecurity attack or breach. Cybersecurity is a broad term referring to the body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access. If a cybersecurity breach were to occur, the fund may incur substantial costs, including without limitation those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment or other losses; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose us and the fund to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the fund.

No Market for Fund Interests. Although investors in our fund may periodically withdraw their interests, those interests may not be assigned, pledged or otherwise transferred without our prior written consent. There is no market for these interests and none is expected to develop. These interests will not be registered under any securities laws and will be subject to strict restrictions on resale and transferability under those laws and the fund's limited liability company agreement.

Restrictions and Limitations on Withdrawals. We generally have the right to suspend or reduce withdrawals of interests in our fund under certain circumstances and to make distributions in kind (including in the form of interests in a liquidating trust or similar vehicle) in satisfaction of withdrawal requests. Such restrictions and limitations on withdrawal could have a material adverse effect on an investor and its interests in the fund.

Passive Investment. Our fund is managed exclusively by us, and investors in our fund will not be able to make any investment or other decision on behalf of the fund. Investors must rely on us to manage and conduct the affairs of the fund and will not be permitted to participate in the fund's management.

Absence of Regulatory Oversight. Although our private fund will be similar to an investment company, it will not register as such under the Investment Company Act of 1940 in reliance upon an exemption available to privately offered investment companies. Accordingly, many of the provisions of the Investment Company Act (which, among other matters, require investment companies to have a board of directors or trustees comprised in part of disinterested persons, require securities to be held in segregated custody accounts, and closely regulate the relationship between the investment company and its investment adviser) generally do not apply to us, our fund and its investors.

Business and Regulatory Risks of Private Funds. Legal, tax and regulatory changes could occur that may adversely affect the fund. The regulatory environment for private funds is evolving, and changes in the regulation of private funds may adversely affect the value of investments held by the fund and our ability pursue the fund's trading strategies. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. In addition, the regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and regulation and is subject to modification and further development by government, regulatory and judicial action. Amendments to or changes in interpretation of existing laws, rules and regulations of applicable jurisdictions may cause the fund to incur certain expenses in order to achieve or maintain compliance with such changes or may limit our ability to fully pursue the fund's investment strategy. The effect of any future regulatory change on the fund could be substantial and adverse.

Substantial Charges to the Fund. The fund is subject to substantial expenses, regardless of whether the fund generates any profits. The fund will be required to make substantial profits to avoid depletion of its assets from these charges.

Liability Across Capital Accounts. Although each capital account of our fund is maintained separately by the fund with separate accounting records, the fund as a whole is one legal entity. Thus all of the assets of the fund are available to meet all of the liabilities of the fund.

Transaction Costs. We may use fund commissions to pay for research products and services, and these products and services may be used by us to service accounts other than our current fund. In addition, we may use soft dollar credits for payment of expenses of the fund from time to time that are covered by the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934. As a result, the fund may incur transaction costs in an amount greater than the amount that might be incurred if the fund did not engage in transactions involving soft dollars.

Investment Competition. The market for some types of securities is highly competitive. We will be competing for investment opportunities with a significant number of financial institutions, other private funds and various institutional investors. Many of these competitors are larger and have greater financial, human and other resources than we have and may have a competitive advantage over us. As a result of this competition, there may be fewer attractively priced investment opportunities, which could have an adverse impact on the ability of our fund to pursue its strategy and meet its investment objectives. There can be no assurance that the returns on the fund's investments will be commensurate with the risk of investment in the fund.

Limited Operating History. We and our fund are recently formed entities and have limited operating histories. However, all of our principals have previous investment experience.

Indemnification Risk. Our fund will be required to indemnify us and our affiliates, and their respective directors, shareholders, members, partners, officers, employees and agents against certain losses and expenses they might incur in acting for the fund. These obligations could require the fund to pay considerable sums to us and other persons.

ITEM 9. DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no such legal or disciplinary events to disclose.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Our sole private fund is identified in Item 4 – *Advisory Business* above.

Substantially all of our owners are employed by or otherwise affiliated with Jeffrey Slocum & Associates, Inc., or Slocum, an institutional investment consulting firm registered with the SEC as an investment adviser. Although there is no formal relationship between us and Slocum, our owners will, in appropriate circumstances, refer Slocum clients to us and our fund. As a result of these referrals, some of Slocum's clients may decide to become investors in our current fund or another investment vehicle managed by us or to become a direct client of ours. These referrals will involve a conflict of interest due to our owners' economic interest in us. In addition, most of our owners are passive owners and do not participate in our business in any material respect, but are instead employees of Slocum. Finally, our chief investment officer is also a strategic advisor for Slocum and therefore does not dedicate all of his business time to our business. Rather, some of his business time is dedicated to his role at Slocum. Please refer to the risk entitled "Key Personnel" in Item 8 – *Methods of Analysis, Investment Strategies and Risk of Loss* above. We address these conflicts of interest by disclosing them to investors and prospective investors in our fund so that investors can consider and weigh these conflicts in connection with their decision to invest in our fund.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We maintain and enforce a code of ethics, which sets forth the standards of business conduct expected of each of our partners and employees, all of whom are deemed “access persons” under the code of ethics. The code of ethics includes provisions relating to:

- the receipt and provision of gifts and entertainment;
- business activities with outside companies;
- personal securities trading activities;
- use of material non-public information; and
- safekeeping of client and investor information.

All access persons must acknowledge the terms of the code of ethics annually or as amended. A copy of our code of ethics is available to current and prospective clients upon written request.

Our partners and employees may transact on their own behalf in securities in which one or more of our funds have a position. Our personal transactions in these securities are generally not done at the same time as transactions done on behalf of our funds, but they may be completed in close proximity. This presents potential conflicts of interest and the risk that our personnel may put their personal interests ahead of our clients’ interests. We attempt to mitigate this risk and these conflicts through our personal trading policy, which is part of our code of ethics and generally described below.

The intent of our personal trading policy is to ensure that we place our clients’ interests ahead of our own. The hallmark of our personal trading policy is the requirement that all personal trades in securities in which our fund trades and derivatives of those securities be pre-approved by our chief compliance officer. Generally, no personal trade in any of those securities is approved when our fund is trading in those same securities or derivatives of those securities. Finally, our personnel are required to report their personal security holdings on an annual basis and to submit quarterly transactions reports for all personal trades in securities.

ITEM 12. BROKERAGE PRACTICES

Our management authority over our fund includes the authority to select brokers, including prime brokers, executing brokers and other trading counterparties, and to determine the commissions and other fees that our fund will pay to these brokers. We are not obligated to deal with any particular broker on behalf of our fund. We select executing brokers based on a number of factors that we deem relevant in determining whether the broker can provide best execution. These factors may include, without limitation:

- the price at which the transaction can be effected;
- the commission or mark-up to be charged;
- level of trading expertise;
- ability to prospect for and find liquidity;
- willingness and ability to commit capital and financing;
- difficulty of trade and a security's trading characteristics;
- size of order;
- liquidity of market;
- block trading capabilities;
- ability to provide information or services;
- research capabilities and research products or services provided in the past or expected to be provided in the future;
- availability of stock loan or other securities inventory;
- financial condition and creditworthiness;
- confidentiality provided by broker;
- execution quality;
- promptness of execution;
- quality of settlements;
- specialized expertise; and
- overall responsiveness.

We consider these same factors in determining the reasonableness of a broker's compensation. Although we seek reasonably competitive commission rates, our fund may not necessarily pay the lowest available commission or mark-up. We are not responsible for errors or omissions of any broker or dealer we select in good faith.

In selecting brokers for our fund, we may also consider factors such as the capital introduction or other services provided to our fund and us by that broker. This creates an incentive for us to select brokers based on our interest in receiving those capital introduction or other services, rather than on our fund's interests in receiving most favorable execution. However, we have not used any capital introduction services to date, and we believe that the provision of these capital introduction and other services has been and will continue to be an immaterial factor in our selection of brokers for our fund's transactions.

Although we do not have any formal arrangements to use fund commissions to pay for research products or services, we request and receive proprietary research products and services generated by our fund's brokers. These products and services include research reports, economic surveys and analyses, electronic trading platforms and other products and services that provide assistance to us in the performance of our investment decision making responsibilities. In 2015, we received all of these types of products and services. These products and services are a factor in our selection of a particular broker to effect transactions on behalf of our funds.

When we use fund brokerage commissions (or markups or markdowns) to obtain research or other products or services, we receive a benefit because we do not have to produce or pay for the research, products or services. This creates an incentive for us to select brokers based on our interest in receiving their research products and services, rather than on our funds' interests in receiving most favorable execution. We believe this risk is substantially mitigated, however, because our fund is responsible for paying its own research costs and expenses, and the research products and services that we receive from brokers are for the direct benefit of our only client, the fund. This risk would be enhanced if we received products or services unrelated to the management of our current fund or if we used broker-provided products and services in the management of other client accounts, particularly if we, and not the client, were responsible for paying for research products and services. However, because we currently use soft dollar benefits to service our sole client, the fund, we do not attempt to allocate soft dollar benefits to the specific fund that generated those benefits.

To the extent we use any fund commissions to pay for research products and services, such use will fall within the safe harbor of Section 28(e) of the U.S. Securities Exchange Act of 1934 and any related regulatory guidance. Under Section 28(e), research obtained with soft dollars generated by a fund may be used by us to service accounts other than that same fund.

Currently, we have just one private fund client. However, we may in the future have other clients with similar investment objectives and policies as those of our current fund. We may in the future create other funds, accounts or vehicles that invest in the same instruments that are held by our current fund. This could result in the purchase or sale of a particular investment for multiple clients simultaneously. If transactions on behalf of more than one client increase the demand for the investment being purchased or the supply of investments being sold, there may be an adverse effect on the price or availability of such investments. Our policy is to allocate advisory recommendations and the placing of orders in a manner that over time is deemed fair, equitable and appropriate by us to the clients involved. Such allocation may take into account a number of factors, including the amount of capital that we, in our sole discretion, determine that each client can appropriately commit to the related investment.

As a general matter, given the limited number of our clients and their coordinated activities, there is no need to and we do not aggregate trades.

ITEM 13. REVIEW OF ACCOUNTS

We review the objective and strategy of our current fund on no less than an annual basis. We may review our fund's strategy on a more frequent basis if we believe there has been a significant change in the markets in which that strategy invests or in the economic prospects for that strategy.

The trades and positions of our fund are reviewed daily by our internal operations staff and by our fund's administrator. In addition, the portfolio manager responsible for our investment strategy reviews daily the positions in the fund. Our chief investment officer regularly reviews the trading activity and positions of our fund. Finally, our chief compliance officer reviews, on at least an annual basis, the process of trade and position review and reconciliation that we employ on behalf of our fund.

Investors in our fund receive monthly written account statements for their investments in our fund and annual audited financial statements for the fund.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

We do not directly or indirectly compensate any third parties for client or investor referrals.

We receive certain soft dollar benefits in connection with our fund's payment of brokerage commissions. Please refer to Item 12 – *Brokerage Practices* above.

ITEM 15. CUSTODY

We do not serve as the qualified custodian of any of the assets owned by our fund and do not maintain physical custody of any securities or cash owned by the funds. However, we are deemed by applicable regulatory rules to have constructive custody of the assets of our fund. We satisfy the applicable regulatory requirements related to custody by, among other things, ensuring that our fund is subject to an annual audit by an independent accounting firm that is registered with and examined by the Public Company Accounting Oversight Board, and that audited financial statements for our fund are provided to fund investors within 120 days after the fund's fiscal year-end.

ITEM 16. INVESTMENT DISCRETION

We have discretionary authority over our fund. Our discretionary authority is established under the management agreement that we entered into with the fund and the fund's limited liability company agreement, which includes a power of attorney. Investors in our fund endorse our discretionary authority by executing the subscription documents related to their investment in the fund and accepting the terms outlined in the disclosure documents related to the fund.

ITEM 17. VOTING CLIENT SECURITIES

Our current fund's investment strategy generally does not include investing in securities that include voting rights. However, our management authority over our fund includes authority to vote the fund's securities. Therefore, we have adopted a proxy voting policy under which we will vote any proxy or other voting right in a security in a prudent manner that we believe to be in the best economic interest of the fund or other client on whose behalf we are voting the security. In voting securities, we attempt to consider all factors relevant to the fund or other client on whose behalf we are voting. Our proxy voting policy and related voting records are available to clients upon written request.

We make our best efforts to avoid material conflicts of interest in the voting of proxies. However, where material conflicts of interest arise, we are committed to resolving the conflict in our clients' best interest. In situations where we perceive a material conflict of interest, we will record the actions or steps we take to resolve the conflict. We may disclose the conflict to the relevant client and obtain the client's consent before voting; defer to the voting recommendation of the relevant clients or an independent third party provider of proxy services; send the proxy directly to the relevant client for a voting decision; vote the proxy based on the voting guidelines set forth in our proxy voting policy; or take such other action in good faith to protect the interest of our clients.

ITEM 18. FINANCIAL INFORMATION

Registered investment advisers are required to provide you with certain financial information or disclosures about the adviser's financial condition. We have no financial condition that impairs our ability to meet contractual and fiduciary commitments to clients and have never been the subject of a bankruptcy proceeding.