



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

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**This brochure provides information about the qualifications and business practices of VIEX Capital Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at [InvestorRelations@viexcapi.com](mailto:InvestorRelations@viexcapi.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about VIEX Capital Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any reference to VIEX Capital Advisors, LLC as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

This is the initial filing of the Form ADV, Part 2A for VIEX Capital Advisors, LLC, and as such, there are no material changes to report. In the future, this Item will discuss only specific material changes that were made to the brochure and will provide a summary of such changes.

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#### Item 4 - Advisory Business

VIEX Capital Advisors, LLC (“Advisor,” “we” or “us”) is a Delaware limited liability company that commenced operations in 2014. We are principally owned and controlled by Eric Singer, our founder and portfolio manager.

We currently advise the following private investment funds (collectively, the “Funds”):

- VIEX Opportunities Fund, LP, Delaware series limited partnership, currently comprised of the following series:
  - VIEX Opportunities Fund, LP - Series One (“Series One”); and
  - VIEX Opportunities Fund, LP – Series Two (“Series Two”);
- VIEX Special Opportunities Fund II, LP (“VSOF II”); and
- VIEX Special Opportunities Fund III, LP (“VSOF III”).

VIEX GP, LLC (“Series GP”) is the general partner of Series One and Series Two. VIEX Special Opportunities GP II, LLC (“VSOF II GP”) is the general partner of VSOF II, and VIEX Special Opportunities GP III, LLC (“VSOF III GP”) and collectively with Series GP and VSOF II GP, the “General Partners”) is the general partner of VSOF III. Like the Advisor, each General Partner is principally owned and controlled by Eric Singer. Each General Partner is a “relying adviser” as that term is described in the SEC Staff No-Action Letter, dated January 18, 2012, to the American Bar Association, Business Law Section. Unless and only to the extent that the context otherwise requires, references to the Advisor, we or us herein are deemed to include references to the General Partners as well.

We provide discretionary investment advice to the Funds. In the future, we may provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts (collectively with the Funds, “clients”).

The Funds are managed in accordance with their own investment and trading objectives, as described in their respective offering documents and/or governing agreements.

We generally do not permit investors in the Funds to impose limitations on the investment activities described in the Funds’ offering documents. Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case by case basis. (*See Item 16 “Investment Discretion.”*)

As of January 1, 2017, we had approximately \$173 million in regulatory assets under management on a discretionary basis. We do not currently manage any assets on a non-discretionary basis.

### Item 5 - Fees and Compensation

Our fees and compensation are described in the advisory contracts we enter into with our clients. All of our current clients and investors in the Funds are “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “1940 Act”).

We generally deduct our management fees quarterly in advance. Management fees are not refundable if the advisory contract is cancelled prior to the end of a payment period. Generally, we receive performance-based fees or allocations from the Funds either on an annual basis in arrears or upon the distribution of capital. We also may receive performance-based fees or allocations on a redemption or withdrawal by a Fund investor.

Funds generally pay all of their respective organizational expenses and offering expenses, as well as their respective operating expenses including, but not limited to: fees, costs and expenses associated with financing, sourcing, acquiring, holding, hedging, and disposing of investments or proposed investments (including, without limitation, custodial fees, brokerage fees, commissions, consulting services, due diligence, and investment-related travel expenses, as well as fees, expenses, interest payments, and principal payments due to legal, financial, accounting, consulting, or other advisors, or lenders, investment banks; entity-level taxes, fees, or other governmental charges; the costs of insurance (including, without limitation, directors and officers insurance, if any); expenses incurred in the collection of monies owed; legal, auditing, consulting, research, and accounting fees and expenses (including, without limitation, expenses associated with the preparation of financial statements, tax returns, and Schedules K-1, if any, expenses associated with market and data services); extraordinary expenses (including, without limitation, litigation-related and indemnification expenses, including indemnification obligations); the costs of reporting to investors; reasonable expenses of meetings of investors, as applicable; and “broken-deal” or failed transaction expenses.

We bear all of our own operating costs and the ordinary administrative and overhead expenses of managing the Funds, including, without limitation, employee compensation and benefits, office rent, utilities, equipment, furniture, fixtures, secretarial/administrative services, stationery, entertainment expenses, and employee insurance and payroll taxes.

To the extent we incur any expenses for the benefit of multiple clients, we generally will allocate such expenses in a reasonable manner among such clients. However, it is possible that under some of our advisory contracts we may not require a client to incur certain expenses, despite the fact that such client will receive a benefit in connection with our incurrence of such expenses. In such an event, the other clients may bear the additional share of any such expenses that would have been allocable to the client that is not required to incur such expenses.

We may also allocate a portion of clients’ capital to money market funds or exchange-traded funds that are managed by other managers. In addition to the fees and expenses discussed above, a client will indirectly bear the fees and expenses of such money market funds or exchange traded funds, as these funds pay similar fees to their investment managers and other service providers.

### Item 6 - Performance-Based Fees and Side-By-Side Management

We receive performance-based fees or allocations from the Funds, which are based on a percentage of the capital appreciation of client assets or the return on invested capital, typically subject to a high-water mark. Fund investors are provided with detailed disclosure in the

applicable offering documents of such Fund as to how the relevant performance-based compensation is calculated and charged.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable Fund, we may have an incentive to cause a Fund to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on the Fund's net asset value and profitability. Additionally, we may have the incentive to favor Funds that pay higher performance-based allocations. We recognize that we have a fiduciary duty and as such must act in the best interests of our clients.

Our affiliates may invest in one or more of our Funds. As a result, we may have the incentive to favor the client(s) in which our affiliates have a greater economic interest.

As the management fees and performance-based fees and allocations are generally based directly on the net asset value of the applicable Funds, we have a conflict of interest in valuing the assets held in those Funds.

Participation in specific investments may be appropriate, at times, to more than one of our clients. In such cases, we will seek to allocate such investments between clients in a manner that we believe is fair and equitable under the circumstances existing at such time based upon a number of factors, including, but not limited to, the intended objective and strategy of each client and any applicable investment or risk restrictions or guidelines, including leverage constraints and position limits; legal, regulatory and tax considerations; our perception of the appropriate risk/reward ratio for each client, taking into account, among other things, market exposure, anticipated volatility and diversification; the overall portfolio composition of each client; the relative amounts of capital in each client available for new investments of the type at issue; the liquidity of each client; the desire to avoid *de minimis* allocations and odd lots; and such other considerations as we believe are relevant at such time.

## **Item 7 - Types of Clients**

We primarily provide investment advice to clients that are private investment funds. The minimum investment in a Fund is generally \$3,000,000. However, the applicable General Partner may, in its discretion, accept lesser amounts. We will determine the minimum investment for other clients, including any separately managed accounts, on a case-by-case basis.

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

### **Investment Strategies**

The primary investment objective of the Funds is to achieve attractive risk-adjusted returns through opportunistic long-biased investments in companies and assets that may be underperforming and/or undervalued. A Fund's portfolio will be concentrated in the core investments, but may also maintain cash reserves to meet the Fund's short-term cash needs.

At times we may seek to engage with company management teams and Boards to discuss business strategy and make suggestions around operational changes, including improved business efficiencies and cutting cost; returning cash to shareholders and overall business positioning aimed at improving value for the benefit of all shareholders. We will monitor company performance, industry and macro conditions and our overall investment thesis routinely to assess our portfolio investments.

The development of an investment strategy for each of our clients is an ongoing process. The strategies, techniques and methods described above will therefore be modified by us from time to time and over time. There is no limitation on the investment strategies, techniques, methods or processes which we may adopt for any particular client or the factors that we may take into account in analyzing investments for our clients. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives, or employ other strategies, techniques, methods or processes, that we consider appropriate and in the best interest of the clients, without notice to them or their consent.

***Certain Risks Associated with Investment Strategies***

An investment in a private investment fund and/or separately managed account involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are not intended to be an exhaustive listing of all potential risks associated with such an investment.

The following risks primarily pertain to the Funds and other clients (including separately managed accounts) with similar strategies. All of these risks, and other important risks, are described in detail in the Funds' respective private offering memorandums. Prospective investors are strongly urged to review the applicable private offering memorandum carefully and consult with their own financial, legal and tax advisors, before investing in a Fund.

***General Investment and Trading Risks.*** All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, the client could experience losses as a result of a decline in the market value of securities in which the client holds a long position or an increase in the value of securities in which the client holds a short position. Our investment program may use such investment techniques as leverage, margin transactions and short sales, which practices can involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which the client may be subject. The risk management techniques that may be used by us do not provide any assurance that the client will not be exposed to a risk of significant investment losses. No guarantee or representation is made that the client's investment program will be successful, that the client will achieve its targeted returns or that there will be any return of capital invested to investors. In addition, investment results may vary substantially over time.

***Risks Relating to Investment Strategy.*** The success of a Fund's investment strategy may require, among other things: (i) that we properly identify companies (each a "Portfolio Company") whose securities prices can be improved through our influence on, and involvement in, the operations of such Portfolio Companies or through other corporate and/or strategic actions; (ii) that the Fund acquire sufficient securities of such Portfolio Companies at a sufficiently attractive price; and (iii) that the market price of the Portfolio Company's securities increases in response to any actions taken by such Portfolio Company. There can be no assurance that any of the foregoing will succeed. Moreover, due to its investment strategy, a Fund, and consequently its investors, can potentially become subject to adverse publicity and litigation. There can be no assurance any such litigation, once begun, would be resolved in favor of the Funds.

Successful execution of an investment strategy will depend on the cooperation of security holders and others with an interest in the Portfolio Company. Some security holders may have interests which diverge significantly from those of the applicable Fund and some of those parties may be indifferent to the proposed changes. Moreover, securities that we believe are fundamentally under-valued or incorrectly valued may not ultimately be valued in the capital markets at prices

and/or within the time frame we anticipate, even if our strategy is successfully implemented. Even if the prices for a Portfolio Company's securities have increased, there is no assurance that the Funds will be able to realize any increase in the price of such securities.

*Directorships on Boards of Portfolio Companies.* Eric Singer and other members and employees of the Advisor and/or the applicable General Partner and their respective affiliates or designees may serve as directors of, or in a similar capacity with, Portfolio Companies, the securities of which are purchased or sold on behalf of a Fund. In the event that material nonpublic information is obtained with respect to such companies or a Fund becomes subject to trading restrictions pursuant to the internal trading policies of such companies or as a result of applicable law or regulations, the Funds may be prohibited for a period of time from purchasing or selling the securities of such companies, which prohibition may have an adverse effect on the Funds.

*Investment Judgment.* The profitability of a significant portion of a Fund's 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 we will be able to predict these price movements accurately.

*General Economic Conditions.* Market risk is a factor in any investment, and recently, a high level of volatility in the financial markets has increased risk generally. Continued volatility could disrupt the investment strategy of a Fund, decrease the value of a Fund's portfolio, and adversely impact its profitability. Recent developments in the global financial markets illustrate that the current environment is one of extraordinary and possibly unprecedented uncertainty. In light of such recent market turmoil and the overall weakening of the financial services industry, the financial condition of a Fund, custodians/prime brokers, and other financial institutions may be adversely affected, and they may become subject to legal, regulatory, reputational, and other unforeseen risks that could have a material adverse effect on a Fund's business and operations.

The most difficult type of market environment for our strategy is expected to be a speculative environment, in which hype, promotional management teams and/or investor euphoria drive stock price movements instead of company fundamentals. This type of environment is of particular concern during short-covering driven rallies and/or for low-dollar short positions. The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the extent and timing of investor participation in the markets for both equities and interest-sensitive securities. Unexpected volatility or illiquidity in the markets in which a Fund holds positions, directly or indirectly, could impair the Fund's ability to carry on its business or cause it to incur losses.

*Risks Posed by Additional Legislation and Increased Regulatory Oversight.* The Funds must comply with various legal requirements, including requirements imposed by the securities laws, tax laws, anti-money laundering laws and regulations, and pension laws in various jurisdictions. Should any of those laws change, the legal requirements to which the Funds and their investors may be subject could differ materially from current requirements. In addition, investment funds and their investment advisers have come under attack from the media and some legislators in recent years. This has particularly been the case following the credit crisis and extreme economic downturn that began in 2008, notwithstanding general agreement among commentators that the funds and advisers had little to do with precipitating the credit crisis or its aftermath. As a result, multiple pieces of legislation have been introduced or adopted, both on the state and federal level, including: the Dodd-Frank Wall Street Reform and Consumer Protection Act, amendments to the Custody Rule under the



Investment Advisers Act of 1940 (the “Advisers Act”), proposed regulation of swaps, enhanced regulation of derivatives, and additional short sale restrictions, and enhanced state privacy regulations. It is unknown when or whether any additional initiatives will be proposed or adopted into law, but any of them, if enacted, could add to the costs and regulatory burdens of operating the Funds.

*Availability of Suitable Investments.* The success of a Fund’s investment and trading activities will depend on our ability to identify investment opportunities and to manage market exposure risk. Identification and exploitation of the investment strategies to be pursued by the Funds involve a high degree of uncertainty. No assurance can be given that we will be able to identify suitable investment opportunities in which to deploy all of the Funds’ capital. A reduction in overall market volatility and liquidity, as well as other market factors, may reduce the pool of profitable investments for the Funds. Certain of the investment strategies employed by us for the Funds may be based on historical relationships among equity prices, exchange rates, interest rates, and bond prices. There can be no assurance that these historical relationships will continue and no representation made by us as to what results a Fund will or is likely to achieve based on these trends and relationships.

*Companies with Smaller Market Capitalizations.* The Funds may become exposed to companies with smaller market capitalizations. Investments in small cap issuers and medium sized companies may involve greater risks and volatility than investments in larger companies. Companies with smaller market capitalizations may be at an earlier stage of growth, with limited financial resources and less depth in management than more established companies. In addition, these companies may have difficulty withstanding competition from larger more established companies in their industries. The securities of companies with smaller market capitalizations may be thinly traded (and therefore have to be sold at a discount from current market prices or sold in small lots over an extended period of time), may be followed by fewer investment research analysts, and may be subject to wider price swings. As a result, investments in these companies may be at risk of a greater chance of loss than investments in the securities of larger capitalization companies. In addition, transaction costs in smaller capitalization stocks may be higher than those of larger capitalization companies.

*Securities of Sub-Investment Grade Companies.* Special risks may arise if a Fund invests in the securities of sub-investment grade and highly leveraged companies. Although such investments may result in significant returns to the Fund, they involve a substantial degree of risk. If the “natural leverage” created by a company’s high level of borrowing should work against a Fund short position, the Fund’s losses would be heightened. Although the Funds may not do so frequently, should a Fund purchase distressed and/or non-performing debt securities, and subsequent to purchasing them find that they are no longer readily traded by broker-dealers, these securities may not show any return for a considerable period of time. Many distressed and/or non-performing securities ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, if they are no longer readily traded by broker-dealers, such securities may have to be held for an extended period of time. There is no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, the Fund and, as a result, the Fund’s investors, may lose its entire investment. Under such circumstances, the returns generated from the Fund’s investments may not compensate the Fund’s investors adequately for the risks assumed.

*Derivative Instruments.* The Funds could potentially create leverage via the use of instruments such as options and other derivative instruments. The value of a derivative depends largely upon price movements in the underlying asset; hence many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. In addition, there are a number of other risks associated with derivatives trading, such as increased exposure for the Funds, exposure to liquidity risks and counterparty risks. The Funds may invest in options, which can provide a greater potential for profit or loss than an equivalent investment in the underlying asset and may involve different risks than investing in directly in the underlying asset.

*Risk of Global Investing.* Although the Funds expect to invest predominately in the United States, a Fund may invest its assets in non-U.S. securities and other financial instruments denominated in non-U.S. currencies. Investments in securities of non-U.S. issuers and securities denominated in non-U.S. currencies pose currency exchange risks to the extent not hedged. In addition, foreign securities regulators may exercise less regulatory supervision than those in the U.S., and foreign governments may afford less legal protection to the Funds as an investor. In addition, investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies.

*Lack of Diversification Risk.* A Fund may hold a limited number of positions (both long and short) at any given time. As a result of the Fund's lack of diversification, a significant loss in any one position may have a material adverse effect on the net asset value of the Fund and the Fund's rate of return. Diversification of Fund assets among different industries is not a primary goal of the Funds. Further, a Fund's investment portfolio may become concentrated in one industry, sector, strategy, country or geographic region, and such concentration of risk may increase the losses suffered by the Fund. It could also become concentrated to a limited number or types of financial instruments, which could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

*Litigation Risk.* Distressed companies such as those in which a Fund may occasionally invest may be subject to litigation, including bankruptcy litigation, shareholder derivative suits, and creditor suits.

*Hedging.* A Fund may engage in a variety of hedging transactions. Hedges can be more difficult to implement than many other types of transactions, and the possibilities for errors may be greater than for other transactions.

*Short Sales.* Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. However, since the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities would result in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In addition, short sellers are subject to the risk of a “short squeeze.” A short squeeze is a situation in which the short seller is prematurely forced out of a short position. The lender of a security used to cover a short generally has the right to demand the return of the security that has been loaned at any time. If a lender were to demand the return of securities that a Fund had borrowed, the Fund would be required to replace the borrowed securities by borrowing identical securities from another lender. If the Fund were unable to replace the borrowed securities, it would be required to close out the short sale by buying identical securities in the market in order to make delivery. In such event, the Fund could incur significant losses if the securities sold short had increased in value.

As a Fund may use borrowed money as part of its strategy, the Fund also could be forced to close out a short sale prematurely as a result of an increase in margin requirements, coupled with an inability to provide the required additional margin on short notice.

In addition, overall declines in market prices have increased short-selling activity and consequently increased the demand for borrowed securities. At the same time, a decrease in the federal tax rate applicable to certain stock dividends, which decrease is inapplicable to comparable payments made to individuals whose stocks are on loan to short sellers when such dividends are paid, is expected to decrease the supply of securities available for borrowing by short sellers. This increase in demand coupled with a decrease in supply can be expected to increase the cost of employing short sale strategies.

*Leverage.* The Funds are generally permitted to borrow money. The use of leverage by a Fund can substantially increase the market exposure (and market risk) to which the Fund’s investment portfolio may be subject. Trading on leverage will result in interest charges or costs and, depending on the amount of leverage, such charges or costs could be substantial. The level of interest rates generally, and the rates at which the Fund can leverage in particular, can affect the operating results of the Fund. A Fund’s anticipated use of short-term margin borrowings results in certain additional risks to the Fund. For example, should the securities pledged to brokers to secure a Fund’s margin accounts decline in value, the Fund could be subject to a “margin call,” pursuant to which the Fund would be required either to deposit additional funds with the broker or to suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Fund’s assets, the Fund might not be able to liquidate assets quickly enough to pay off its margin debt.

*Institutional Risks; Counterparty Risk.* Institutions will have custody of the assets of the Funds. Certain assets of the Funds will be exposed to the credit risk of the dealers, brokers and exchanges through which we deal, whether we engage in exchange-traded or off-exchange transactions. These firms and/or financial institutions, regardless of how large or well-capitalized, may encounter financial difficulties that impair the operating capabilities or the capital position of the Funds. If any broker-dealer or other financial institution holding a Fund’s assets were to become bankrupt or insolvent, it is possible that the Fund would be able to recover only a portion, or in certain circumstances, none of its assets held by such bankrupt or insolvent entity.

Brokers may trade with an exchange as principals on behalf of a Fund, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the Fund (for example, the transactions that the broker has entered into on behalf of the Fund as principal as well as the margin payments that the Fund provides). In the event of such

broker's insolvency, the transactions into which the broker has entered as principal could default, and the Fund's assets could become part of the insolvent broker's estate, to the detriment of the Fund. A Fund's assets may be held in "street name," in which case, a default by the broker could cause the Fund's rights to be limited to that of an unsecured creditor.

To the extent that a Fund invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, including forward contracts, or, in certain circumstances, non-U.S. securities, the Fund may also take a credit risk with respect to the parties with whom it trades and may bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

*Convergence Risk/Relative Value Strategy Risk.* We may pursue relative value strategies on behalf of a Fund by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricing underlying a Fund's trading positions were to fail to converge toward, or were to diverge further from, relationships expected by us, the Fund may incur a loss.

*Price and Liquidity Fluctuations of Investments.* The market value of a Fund's investments may fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of financial markets, developments or trends in the securities markets and the financial condition of the issuers of the securities in which the Fund invests. During periods of limited liquidity and higher price volatility, a Fund's ability to acquire or dispose of its investments at a price and time that the Fund deems advantageous may be impaired. As a result, in periods of rising market prices, a Fund may be unable to participate in price increases fully to the extent that it is unable to acquire the desired positions quickly; the Fund's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices.

*Stock Market Volatility.* Stock markets are volatile and may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Different parts of the market and different types of equity securities may react differently to these developments. For example, small cap stocks may react differently than large cap stocks. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

*Suspensions of Trading.* Each exchange typically has the right to suspend or limit trading in all futures, securities and other instruments which it lists. Such a suspension would make it difficult for the Funds to liquidate positions at favorable prices and, accordingly, may expose the Funds to losses.

*Changes in Investment Strategy.* We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria, or hedging techniques used by a Fund without the consent of the Fund's investors. Any of these new investment techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in

unsuccessful investments and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

#### **Item 9 - Disciplinary Information**

There have been no legal or disciplinary events that would be material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

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

The Advisor and the General Partners are principally owned and controlled by Eric Singer.

The management of the Funds may result in conflicts of interests when we and our related persons allocate time and investment opportunities among our clients. In addition, the terms of the performance-based fees and allocations may differ among our clients. This may result in a conflict of interest when we allocate opportunities among our clients because we have an incentive to favor clients that have higher performance-based fees and allocations. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the performance-based fees and allocations to which such clients are subject.

Subject to applicable law, we may effect transactions between certain of our clients in which a client will purchase securities from another client (including a private fund or account in which we, our affiliates, principals or employees may have a significant interest). Such transactions (*i.e.*, cross trades) shall be effected only when we believe that such transactions are in the best interest of the applicable clients.

The Advisor, the General Partners, their principals and affiliates may determine, in their discretion, to participate in investments with persons not affiliated with our clients. In addition, we may offer to certain clients, or to any third party, the opportunity to co-invest in opportunities in which a client has invested or that become available to a client. We may offer such opportunities to investors that we select in our discretion without notice to or the consent of any other client.

The management fee and the performance allocation are often based directly on the net asset value of the applicable client. In most circumstances, the valuations of a client's assets will be based on independent market quotations from relevant counterparties, but obtaining such valuations is not required in each instance. To the extent that a client invests in securities or other financial instruments which are not traded on an organized or liquid market, the valuation of such assets will be determined by us in accordance with our valuation policies and procedures. As a result, there will be a conflict of interest for us in valuing such investments.

Eric Singer has a financial interest in the returns of one or more of the Funds. As a result, a conflict of interest may arise in allocating investment opportunities among such Funds and the other private investment funds and separately managed accounts that we manage. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to the investors in the Funds and other accounts we manage, and that our employees must conduct their business on our behalf in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. Among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Under our Code of Ethics, we place certain restrictions on the personal trading activities of our employees and their immediate family members. Our employees are required to disclose their personal securities holdings on an initial and annual basis, and their personal securities transactions quarterly. Employees may also participate in limited offerings such as hedge funds, private equity funds, or other types of private offerings, subject to pre-clearance procedures.

### **Item 12 - Brokerage Practices**

#### Selection of Brokers

We choose the brokers, dealers and counterparties (each a “Broker” and collectively, “Brokers”) for the Funds’ securities transactions. Transactions are generally allocated to Brokers on the basis of best execution, including the ability to achieve prompt and reliable executions; access to securities; the financial stability and reputation of the Broker; the quality, comprehensiveness, frequency of available research and related services considered to be of value to the Funds; and the competitiveness of commission rates compared to other Brokers satisfying our other selection criteria. Research and related services furnished by Brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; and discussions with research personnel. The services furnished by a Broker may benefit us in rendering investment management services to all of our clients. A Fund may pay a Broker a commission in excess of that which another Broker might have charged for the same transaction, in recognition of the value of the overall brokerage or research services provided by the Broker. Since commission rates in the U.S. are negotiable, selecting Brokers on the basis of considerations that are not limited to commission rates may at times result in higher transaction costs than otherwise would be obtainable.

We periodically evaluate the execution performance of the Brokers we use to execute client transactions. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting Brokers to execute client transactions.

We may execute transactions on behalf of our clients with Brokers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To the best of our knowledge, these services are generally made available to all institutional investors doing business with such Broker. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such Broker.

Services from Prime Brokers

Prime brokers servicing our clients provide us with front and back office services, including trading, securities lending, clearing, reporting, and settlement for fixed income, swaps, foreign currency and options, among others. Such prime brokers may also provide us with capital introduction, talent recruitment and other services. Our clients will pay fees to the prime brokers in accordance with the fee schedules negotiated with such prime brokers.

Brokerage for Client Referrals

We may direct some client brokerage business to Brokers who refer prospective investors to the Funds, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to clients, we will have a conflict of interest when allocating client brokerage business to a Broker who has referred investors to a Fund. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring Broker unless we determine in good faith that the commissions payable to such Broker are not materially higher than those available from non-referring Brokers offering services of substantially equal value.

Trade Error Policy

We will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from our gross negligence, bad faith, reckless or intentional misconduct, or fraud. We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the settlement date. If an erroneous allocation cannot be corrected prior to settlement or during the same month in which it occurred, we may correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

Aggregation of Orders

We may in our discretion aggregate client trades, subject to best execution. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an aggregated order is only partially filled, we will allocate the investment opportunity based on the criteria described above.

Third Party Trading

We may use a third-party trader to execute certain trades. The third-party trader is a registered broker-dealer and is capable (depending on our instructions and/or the exercise of its own discretion) of directly executing trades for our clients or instructing another Broker to do so on its behalf. When using a third-party trader, we may select a specific Broker that the third party trader must use to execute the trade in question. Our decision to instruct the third party trader to use a specific Broker (or otherwise) is subject to the Broker selection criteria described above.

### Item 13 - Review of Accounts

Client positions and investments are regularly reviewed by our portfolio manager for conformity with the objectives and risk criteria applicable to such clients and compliance with any applicable risk and/or operating guidelines.

Investors in the Funds generally receive monthly unaudited reports regarding the performance of the Fund(s) in which they invest. In addition, we distribute copies of the Funds' audited financial statements at least annually to investors, generally within 120 days after the end of the period to which the audit relates. We also distribute tax reports to investors in the Funds.

Pursuant to "side letters" or other agreements, we may provide particular investors with more frequent and/or more detailed information regarding a Fund's positions, performance, finances, and management and/or other information about such Fund or us (including, notification of senior employee departures, the commencement of disciplinary actions, legal proceedings, investigations or similar matters, or redemptions from the Funds by us, our affiliates and/or our respective personnel), possibly enabling such investors to better assess the prospects and performance of the Funds. In addition, the Funds or we may give certain investors, including those who are provided with enhanced transparency (as described above), the right to redeem their investment on shorter notice and/or with more frequency than the terms applicable to other investors. As a result, certain investors may be able to redeem their investment at times when other investors may not, and based on information that may not be available to all investors. Subject to the applicable law, we do not intend to disclose the terms of side letter agreements or other arrangements or the identities of the investors that have entered into such agreements.

We may provide certain additional information to an investor, or prospective investor, in a Fund who requests it. This information may be provided in response to questions and due diligence requests, but will not be distributed to other investors and prospective investors who do not request it. Such information may affect a prospective investor's decision to invest, and investors (which may include our personnel and affiliates) may be able to act on such additional information and redeem their investments potentially at higher values than other investors. Any such redemptions may result in reduced liquidity for other investors and, in order to meet larger or more frequent redemptions, the relevant Fund may need to maintain a greater amount of cash than it would otherwise maintain, which may reduce its overall performance. Each investor is responsible for asking such questions that it believes are necessary in order to make its own investment decisions, must decide for itself whether the limited information provided by us is sufficient for its.

### Item 14 - Client Referrals and Other Compensation

Other than the circumstances described in the *Brokerage Practices* section above, we do not receive any economic benefits from non-clients in connection with the provision of investment advice to our clients.

If a client is introduced to us by a third party solicitor, we and/or our affiliates may pay that solicitor a referral fee in accordance with the requirements of the Advisers Act. Any referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client.

### Item 15 - Custody

Client funds and securities are held in custody by qualified custodians. However, for purposes of the Advisers Act, we may also be deemed to have custody of certain client assets. Annual



audited financial statements for the Funds are delivered to investors within 120 days after the end of each Fund's fiscal year.

**Item 16 - Investment Discretion**

We have discretionary authority to manage our clients' accounts. Fund investors generally may not place any limits on our authority beyond those set forth in the Fund's offering and governing documents.

**Item 17 - Voting Client Securities**

We generally have voting discretion over securities held in our clients' accounts and clients are not able to direct their votes in a particular situation. We vote proxies with respect to client securities in the best interests of such clients, and endeavor to act in a manner that will enhance the economic value of the underlying securities.

A client may obtain information about how we voted securities in the private investment fund or other account in which the client is invested by contacting us at the address on the cover page of this brochure.

**Item 18 - Financial Information**

We are not required to include a balance sheet for our most recent fiscal year.

**Item 19 - Requirements for State-Registered Advisers**

We are not a State-Registered Adviser.