



Form ADV Part 2A  
Firm Brochure

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This brochure (this “**Brochure**”) provides information about the qualifications and business practices of EF Capital Advisers, LLC and certain of its affiliates. If you have any questions about the contents of this Brochure, please contact us at (214) 740-6140 or [compliance@efcapital.com](mailto:compliance@efcapital.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.

EF Capital Advisers, LLC is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

## Item 2: Material Changes

EF Capital Advisers, LLC (“*EF Capital*” or the “*Adviser*”) filed its initial application to register as an investment adviser with the SEC in July 2018. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by EF Capital to provide new and prospective investors with current disclosure of its business practices, conflicts of interest and the background of its advisory personnel. All recipients of this Brochure are encouraged to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year’s Brochure.

### **Important Note About This Brochure**

This Brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any Fund (as defined below); or**
- **a complete discussion of the features, risks or conflicts associated with any Fund.**

As required by the Advisers Act, the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors with other relevant governing documents such as private offering memorandum. Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about the products offered by the Adviser are included in the relevant governing documents of such products, certain of which may be provided to current and eligible prospective investors. To the extent that there is any conflict between information provided herein and similar or related information provided in any governing documents, the relevant governing documents shall govern and control.

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## Item 4: Advisory Business

For purposes of this Brochure, “**EF Capital**” or the “**Adviser**” means EF Capital Advisers, LLC, a Delaware limited liability company founded in April 2015, together (where the context permits) with its affiliates that provide investment advisory services to and/or receive advisory fees from Clients (as defined below). Such affiliates may or may not be under common control with EF Capital, but possess a substantial identity of personnel and/or equity owners with EF Capital. Such affiliates may be formed for tax, regulatory, or other purposes in connection with the organization of Funds (as defined below), or may serve as general partners of such Funds. The Adviser does business under the name “EF Capital Management.”

The Adviser intends to commence advisory services once its registration is declared effective by the SEC. EF Capital’s principal owners are Steven J. Reed Jr. and Jonathan M. Shepko (the “**Principals**”).

The Adviser anticipates providing investment management services to (i) private pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (“**Securities Act**”) (each a “**Fund**” and collectively, the “**Funds**”) and (ii) clients that establish separately managed accounts including “funds of one” or other types of accounts that invest directly in securities and other assets, as may be set forth in an investment management agreement with a client (“**Separate Accounts**” and collectively, with the Funds, “**Clients**”).

The Adviser’s services to its Clients will consist of, but not limited to: development, implementation and monitoring of custom investment plans, custom asset allocation, third-party investment manager selection, analysis and portfolio performance monitoring, arranging and effecting the purchase and sale of assets, and assisting Clients with advice and assistance on other special investments or projects as the need arises.

Based on their investment objectives and risk tolerance, Clients may impose restrictions on investing in certain types of securities and strategies or set limitations on a total exposure of their accounts to certain markets, asset classes, financial instruments, or issuers. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds by the Adviser. Notwithstanding the foregoing, the Funds and Adviser may in the future enter into side letter agreements and other arrangements with certain investors that alter, modify or change the terms of the interests held by those investors. Among other things, these agreements or arrangements may entitle certain investors to specific reports or notice of specified events.

EF Capital may manage Client assets on both discretionary and non-discretionary basis.

EF Capital provides investment advisory services to each Fund in accordance with the investment objectives and restrictions set forth in each Fund’s confidential private placement memorandum, limited partnership agreement and/or other governing documents (the “**Governing Documents**”). Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the investors in the Funds. The investment mandates and other terms of Separate Accounts will be negotiated individually with the owner of each such account.

As of July 12, 2018, the Adviser manages \$0 in discretionary assets and \$0 in non-discretionary assets.

## Item 5: Fees and Compensation

### Method of Compensation and Payment of Fees

Fees are negotiated with each Client on a case-by-case basis and may be different even though services provided may be similar. Circumstances considered when negotiating fees may include, but are not limited to, customary market rates, total amount of capital committed to the Funds or Separate Accounts, the complexity or sophistication of the services required to meet a Client’s specific investment goals and needs,

and other performance or incentive allocation or fee arrangements with a Client. In some cases, the Adviser may provide certain other consultative services to Clients for an agreed upon fixed fee. Clients should carefully review the applicable Governing Documents with respect to each Fund for details concerning its fees, compensation and expenses. The specific fees and payment terms for Separate Accounts will be set forth in an investment management agreement with the Client, which is typically negotiated and established at the time the Separate Account is established.

The following is a general description of fees, compensation, and expenses payable by a Client.

### **Management Fees, Performance Fees and Monitoring Fees**

In consideration for the services provided to Clients, EF Capital will typically receive a management fee (the “**Management Fee**”) on an ongoing basis (but in no event six months or more in advance) and/or performance-based compensation or carried interest distributions assessed on an ongoing basis (the “**Performance Allocation**”, collectively, with the Management Fee, the “**Fees**”) based on the overall performance of a Client’s account. EF Capital may receive additional compensation in connection with management and other services performed for portfolio companies of a Client (e.g., monitoring and other fees) and such additional compensation may offset in whole or in part the Management Fees otherwise payable to the Adviser. In addition, EF Capital may receive compensation for management and other services performed in connection with co-investments made in portfolio companies of a Client. In the sole discretion of the Adviser, Management Fees and/or the Performance Allocation may be waived, reduced or calculated differently with respect to certain Clients and the Adviser’s employees (and their family members) as well as for certain consultants or other strategic partners.

The Adviser may enter into an arrangement with a Fund or Separate Account whereby the Adviser does not receive any Fees; however, in consideration of the management and other services provided by the Adviser, a Fund or Separate Account shall pay for a portion of the expenditures associated with the operational and administrative functions of the Adviser in connection with its provision of investment advisory and other services to the Fund or Separate Account (the “**G&A Expenses**”). G&A Expenses may be reduced to the extent of any fee income (other than Fees) received by the Adviser in connection with such Fund or Separate Account.

### **Overhead and Client Expenses**

Generally, EF Capital will be responsible for all of its own ordinary expenses in connection with its day-to-day operations, including compensation and benefits for its employees and expenses for office space. In addition to the Fees above, each Client generally will bear its own expenses including, without limitation, brokerage commissions (*see* Item 12); the reasonable costs and expenses incurred in connection with the organization of a Fund or Separate Account, including all out-of-pocket legal, accounting, printing, consultation, administrative, travel, filing fees and expenses; the costs, expenses and liabilities that in the good faith judgment of the Adviser are incurred by or arise out of the operation and activities of the Fund or Separate Account, including (a) the fees, costs and expenses relating to consummated investments, proposed but unconsummated investments and temporary investments, including the evaluation, acquisition, holding and disposition thereof, sales commissions, interest on indebtedness, and investment related travel expenses incurred by the Adviser or an affiliated general partner; (b) the fees of underlying managers including asset management fees and performance-based compensation, as well as the expenses of any investments in underlying investment funds, including their pro rata share of organizational and investment expenses (including brokerage commissions and transactional costs) and any other expenses charged to investors by such underlying funds; (c) the cost of premiums for insurance protecting a Fund or Separate Account (and any other covered persons) from liabilities to third persons in connection with the affairs of a Client; (d) legal, custodial and accounting expenses, including expenses associated with the preparation of financial statements, tax returns and Schedule K-1s (as applicable); (e) auditing, accounting, banking and consulting expenses; (f) appraisal expenses; (g) expenses related to organizing underlying investment vehicles through which investments may be held; (h) expenses of the committees of a Fund (if

any); (i) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; (j) taxes and other governmental charges, fees and duties payable by a Fund or Separate Account; (k) indemnified losses (including the costs of any indemnity or contribution right granted to any placement agent or third-party finder for interests engaged by a Fund or its affiliates); (l) costs of reporting to Fund investors and of any meetings of Fund investors; and (m) costs of winding up and liquidating a Fund or Separate Account.

EF Capital negotiates Fees and expenses with each Client separately, including when Clients must compensate the Adviser for its services.

### **Termination of Services**

In most instances, if an advisory relationship is terminated, the Adviser will reimburse a Client a pro-rata share of fees charged by the Adviser in advance, less reasonable expenses, if any. The Adviser may be entitled to receive a predetermined amount for services already performed from certain Clients. The ability of Fund investors to withdraw from a Fund are usually limited by the terms of the applicable Governing Documents and, consequently, the ability of such investors to terminate the obligation to pay applicable Fees may be limited. For a more completed discussion of EF Capital's compensation and expenses payable by a Fund, potential investors should refer to the applicable Fund's Governing Documents.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

The Adviser and its affiliates intend to receive performance-based compensation (*e.g.* Performance Fees) from all Clients. As a result, the Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based compensation from some Clients, but not from other Clients. However, the investment managers that advise any underlying investment funds that Clients may invest in may manage accounts for which they are entitled to receive performance-based compensation alongside accounts for which they are not entitled to receive performance-based compensation. This may create an incentive for the underlying manager to direct the best investment ideas to, or to allocate trades to, those accounts for which they are entitled to receive performance fees or those accounts for which they are entitled to receive higher performance fees.

In general, performance-based fees may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of performance-based compensation. Such compensation arrangements may also create an incentive to favor Clients that pay higher fees over other Clients in the allocation of investment opportunities. To address these conflicts of interest, the Adviser has implemented policies and procedures designed to ensure that all Clients receive equitable and fair treatment over time.

## **Item 7: Types of Clients**

EF Capital intends to provide investment advice to Clients with investable assets of \$100 million or more; however, the Adviser may offer its services to Funds with less than \$100 million in investable assets at its sole discretion. The types of Clients may include Funds and Separate Accounts. Investors in the Funds are expected to be institutions, funds-of-funds, family offices and high net-worth individuals. The Adviser will determine on a case-by-case basis the minimum investable assets for Separate Accounts.

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

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

**The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to Clients, and investment strategies pursued and investments made by the Adviser on behalf of its**

**Clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.**

The investment objective of the Adviser is to invest substantially all of its Clients' investable capital in alternative investment vehicles which will each then seek long and short-term capital appreciation and income through acquiring, holding and disposing of securities, including direct private equity and equity-related investments.

The Adviser will employ an opportunistic, investment strategy supported by an analytical approach to identifying and assessing value. The Adviser may, but does not presently intend to, use leverage, hedging, shorting or investment in derivatives in its investment strategy.

Depending on specific Client objectives and restrictions, the Adviser will invest in various types of securities and financial instruments across diverse sectors and asset classes. EF Capital advises on investment strategies involving, but not limited to, the following: (i) private equities; (ii) fixed-income; (iii) private placement of equity and debt interests; and (iv) special situations.

#### **Investment Strategy and Method of Analysis Material Risks**

Investing in securities and other instruments involves risk of loss including risk of loss of the entire investment that Clients should be prepared to bear. The management style offered by EF Capital is not intended as a complete investment program, and may not be suitable for all investors. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of such an investment. No guarantee or representation is made that any investment strategy will achieve its investment objectives.

The Adviser will analyze risk at various levels, and the first level will always be with an individual investment. The Adviser defines risk as the probability and magnitude of a permanent loss of capital and pursues investments that it believes can tolerate a variety of stressed market conditions.

**With respect to investments in discretionary Funds managed by the Adviser, there may be no material restrictions on the strategies, leverage, markets or instruments that may be incorporated into the Adviser's strategy or the percentage of the assets that may be committed to any particular strategy type, market or instrument. By investing, investors are relying on the discretionary judgment of the Adviser's personnel. There can be no assurance that the Adviser will successfully implement its risk management program or that Client accounts will not incur substantial or total losses. Clients should carefully read each Fund's Governing Documents for specific details concerning a Fund's investment objectives and restrictions.**

**The investment mandates, restrictions and other terms of Separate Accounts will be negotiated individually with each Client.**

**Prospective investors and Clients are urged to consult with their own financial, legal and tax advisers regarding their individual circumstances and the suitability of an investment. Investors could lose their entire investment.**

General – EF Capital's investment strategies are speculative and entail a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the merits and risks of the investment strategies and bearing the risks they represent, including the potential loss of their entire investment. There can be no assurance that EF Capital will be able to achieve the investment objectives or that significant losses will not be incurred.

Market Risk – EF Capital invests in securities and other financial instruments or assets using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the

debt and equity markets. The prices of the financial instruments in which EF Capital invests can be highly volatile. Price movements of equity, debt and other securities, instruments and assets in which EF Capital is invested are influenced by, among other things, interest rates, foreign exchange rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and national and international political and economic events and policies. Moreover, war, political or economic crisis, or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in, among others, financial instruments. Such intervention often is intended to directly influence prices and may, together with other factors, cause all such markets to move rapidly in the same direction, because of, among other things, interest rate fluctuations. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive investment results, and there can be no assurance that EF Capital's strategies will be successful in such markets. EF Capital may also incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships (on which EF Capital may base a number of its positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to exit positions against which the markets are moving. Market disruptions caused by unexpected political, military and terrorist events or government intervention in the markets may from time to time cause dramatic losses for accounts managed by EF Capital, and such events can result in otherwise historically low risk strategies performing with unprecedented volatility and risk.

### **General Private Equity Investment Risks**

Financial and Business Risk of Portfolio Companies – Investments in portfolio companies made by Client portfolios involve a significant degree of financial and/or business risk. Client accounts may invest in companies that are believed to be operating below their potential. These companies face unique risks not associated with larger, more established companies. Portfolio companies may be highly leveraged and therefore may be more sensitive to adverse business or financial developments or economic factors. The profitability and survival of portfolio companies may depend on their ability to access sufficient sources of debt at attractive rates, which may or may not be available at any particular time. Portfolio companies also may face intense competition, changing business or economic conditions or other developments that may adversely impact their performance. Business risks may be more significant in lower middle-market companies or those embarking on a build-up or operating turnaround strategy. Some portfolio companies may operate at a loss or have significant variations in operating results, may be engaged in a rapidly changing business or business environment with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, finance expansion or maintain their competitive position, may be in an early stage of development or may otherwise have a weak financial position. If for any of these or other reasons a portfolio company is unable to generate cash flow to meet its operating expenses and working capital requirements, make principal or interest payments on its indebtedness, or make other required payments on its commitments, the portfolio company's business, financial condition and prospects could be materially adversely affected and the value of the related investment could be significantly reduced or even eliminated.

Reliance on Management of Portfolio Companies – Although EF Capital will monitor the performance of portfolio companies and may be actively involved in the management thereof, the Adviser nevertheless relies substantially upon the management teams of such portfolio companies to operate such companies on a day-to-day basis. Consequently, the value of portfolio investments will be affected significantly by the efforts and decisions of operating management teams. Because of their size and historical needs, many lower middle-market companies must rely heavily on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect future performance. However, lower middle-market companies may not always be led by incumbent management teams/founders who possess a broad range of experience or professional managerial skills. Further, key executives/founders may be approaching the ends of their active business careers, requiring (upon retirement) the planned transition to



professional management or a next generation of senior managers. In situations where incumbent managers or founders are supplemented with or replaced by professional management teams, operating cultures or key relationships with customers, suppliers, personnel or others might be adversely affected.

No Assurance of Profit or Distributions – The marketability and value of each investment will generally depend upon factors beyond the control of EF Capital. There can be no assurance that investments will be profitable or realized or that any distributions will be made to Clients or investors with respect thereto. Distributions will ultimately depend upon the success of the investments. Distributions also will be subject to the terms and provisions of the applicable Governing Documents, including, without limitation, the establishment of reserves to pay Fund expenses and other liabilities of the Fund. The expenses of a Fund or any portfolio company may exceed its income, and investors could lose the entire amount of their invested capital.

Identification of Investment Opportunities – The success of Client portfolios will depend primarily upon the identification and availability of suitable investment opportunities. The business of identifying and structuring private equity investments is highly competitive and involves a high degree of uncertainty and risk. The availability of investment opportunities will be subject to market conditions and certain other factors that will be outside the control of EF Capital. Client portfolios may never be fully invested if the Adviser does not identify enough sufficiently attractive investments. There can be no assurance that EF Capital will be able to identify sufficient attractive investment opportunities to meet Clients' investment objectives or that Clients will be able to participate in any such investment opportunities. Subject to the availability of attractive investment opportunities and financing, EF Capital will attempt to make portfolio investments. However, even if no portfolio investments are acquired, certain Clients, including the Funds, will still have obligations for certain expenses, including management fees, audits, tax returns, annual meetings and other operating items, and investors will be required to contribute capital to pay for such expenses.

Portfolio Concentration – Client portfolios may be comprised of a small number of investments, and, as a consequence, the aggregate return of the portfolios may be affected by the performance of a single portfolio investment. Furthermore, to the extent that the capital raised is less than the targeted amount, the portfolio may invest in fewer portfolio companies and thus be less diversified. While this portfolio concentration may enhance total returns to investors, if any large position has a material loss, then returns may be lower than if the portfolio had invested in a more diversified portfolio.

### **Security Specific Material Risks**

Equity Instruments – EF Capital may invest in equity or equity-related investments. A number of the Adviser's strategies are correlated to the price level of different equity or equity-related securities. Numerous interrelated and difficult to quantify economic factors, as well as market sentiment, subjective and extraneous political and geopolitical factors, influence the prices of equities. There can be no assurance that EF Capital will be able to predict future price levels correctly. While diversification among issuers may mitigate these risks, the Adviser is not required to diversify its investments in equity securities, and Clients should expect fluctuations based on market conditions in the value of equity securities held by Clients. Holders of equity or equity-related investments generally own a residual interest in the applicable issuer and are junior to any obligations owed to the senior or subordinated creditors of such issuer.

Venture Capital and Growth Equity Investments – EF Capital may make venture capital and growth equity investments. Such investments involve a high degree of business and financial risk that can result in substantial losses. Such companies may have shorter operating histories on which to judge future performance and, if operating, may have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues. Such companies also may have a lower capitalization and fewer resources (including cash) and be more vulnerable to failure, which could result in the loss of the entire investment.

Debt and Credit Related Instruments – EF Capital may make long and short investments in debt securities and other credit related instruments without limitation. Debt and credit related instruments are subject to interest rate risk, credit risk, risk of default, prepayment risk and other risks. Lower rated and unrated securities in which a Fund may invest are subject to volatility, have large uncertainties or major risk exposures to adverse conditions, and are considered to be predominantly speculative.

Distressed Investments – Distressed securities involve a substantial degree of risk, including high volatility, uncertainty of payment, risks and costs of litigation, corporate workouts and reorganizations. Client portfolios may make investments in restructurings involving companies that are experiencing or are expected to experience financial difficulties or in non-performing or other troubled assets which involve a high degree of risk. These financial difficulties may never be overcome and may cause the company to become subject to bankruptcy proceedings. Investments in companies operating in distressed or workout modes or under Chapter 11 of the U.S. Bankruptcy Code are, in certain circumstances, subject to additional potential liabilities, which may exceed the value of the original investment. Investments in bankrupt and insolvent companies generally are illiquid and involve additional risks and costs.

Special Situations and Event Driven Investments – EF Capital may invest in companies involved in or undergoing workouts, liquidations, spinoffs, reorganizations, bankruptcies or other changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution to a Client of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Adviser may be required to sell such investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Adviser may invest, there is a potential risk of loss by a Client of its entire investment in such companies.

Illiquid Investments – Investments made by EF Capital may be or become illiquid and involve a high degree of business and financial risk that could result in substantial losses. Because of the absence of active or regulated trading markets for these illiquid investments, and because of the difficulties in determining market values accurately, it may take EF Capital longer to liquidate these positions (if they can be liquidated) than would be the case for more liquid investments. The prices realized on the resale of illiquid investments could be less than those originally paid by the Adviser. Further, companies whose securities are not publicly listed may not be subject to public disclosure and other investor protection requirements applicable to issuers of publicly traded securities. The Adviser's investment portfolio, including the investment portfolios of the other investment funds in which the Adviser may invest, may consist primarily of securities issued by privately held (and potentially also unseasoned) companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Difficult to Value Assets – A Client's portfolio holdings may be difficult to value, because they are not usually quoted or traded on any financial market or exchange. No readily available market prices for most private investment holdings are available, and it is therefore hard to quantify the impact a manager has had on underlying investments until those investments are sold.

Investments in Other Private Funds – The Adviser may invest in other investment funds that the Adviser believes to be well-established investment firms. The Adviser also may invest with first-time or emerging investment firms and it is possible that the Adviser will lose some or all of its investment to any of such firms. In addition, the Adviser will be dependent on the key personnel of the other investment funds to which it commits, and will have no control over risk of fraud, misrepresentation or simple bad judgment by underlying managers and the Adviser may not learn of significant underlying manager structural events, such as personnel changes, major asset withdrawal/redemptions or substantial growth, until after the fact. Investing in other investment funds involves additional level of fees and expenses. Finally, answering

capital calls of underlying funds with pledged capital is a contractual obligation of each investor. Failure to meet this requirement in a timely manner could elicit significant adverse consequences, including, without limitation, the forfeiture of the defaulting investor's interest in such fund.

Private Company Investments Risks – There generally is little or no publicly available information regarding the status and prospects of the private companies in which EF Capital may invest. Many investment decisions are dependent upon the Adviser's ability to obtain relevant information from non-public sources, and the Adviser is often required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment depends upon many factors beyond EF Capital's control. Portfolio companies may have substantial variations in operating results from period to period, face intense competition and experience failures or substantial declines in value at any stage. Portfolio companies may need substantial additional equity or debt capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms, or may not be available at all. EF Capital may not be adequate to protect investments from dilution in multiple rounds of financing of portfolio companies. An otherwise successful investment in a business may yield poor investment returns if the Adviser is unable to consummate and execute a timely exit strategy. The receptiveness of potential acquirers of portfolio companies will vary over time and, even if an investment in a portfolio company is disposed of via a merger, consolidation or similar transaction, a Client's investment in the surviving entity may not be marketable.

#### **Other Material Risks**

Counterparty Risk – EF Capital may invest Client accounts in securities that involve a counterparty and as such are exposed to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem, thus causing Clients to suffer a loss. Such "counterparty risk" is accentuated where Client portfolios have concentrated transactions with a single counterparty or small group of counterparties. The lack of a complete and "foolproof" way to evaluate the financial capabilities of transaction counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by Clients.

Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges.

Lack of Operating History – Although key personnel of EF Capital have had experience managing investments, the Funds and/or the underlying partnerships will be newly-or recently-formed entities with no significant operating history upon which to evaluate their likely performance or the likely effectiveness of their investment strategy. An investment in a Fund and/or an underlying partnership is therefore subject to all of the risks and uncertainties associated with any new business, including the risk that such Fund will not achieve its investment objectives and that the value of an investment could decline substantially.

Reliance on the Adviser and Fund/Portfolio Company Management – The Adviser controls the operation of Client portfolios and the future profitability of investments depends largely upon the business and investment acumen of the principals of the Adviser. The loss or reduction of service of one or more of the principals could have an adverse effect on realization of investment objectives. Although the Adviser monitors the performance of the overall portfolio, success of some of the investments primarily depends on each investment fund's management team to operate the investment fund or management of a portfolio company on a day-to-day basis. There can be no assurance that the management of a portfolio company, or other investment fund, will be able or willing to operate such investment in accordance with the Adviser's objectives.

Legal, Regulatory and Tax Risk – Legal, regulatory and tax developments that may adversely affect Clients could occur at any time. Securities and futures markets are subject to comprehensive statutes, regulations

and margin requirements enforced by the SEC, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies.

There has been an increase in government, as well as self-regulatory, scrutiny of the alternative investment industry in general, and EF Capital's activities may be subject to new or additional regulatory constraints in the future. The regulatory environment following the recent presidential election is evolving, and changes in the regulation of alternative investment industry may adversely affect EF Capital's ability to pursue its investment strategies.

**Fund Structure Risk** – There are certain risks associated with the structure and terms of the Funds. All business and investment decisions on behalf of the Funds are made by EF Capital. The Funds' investors may not have authority to make decisions or to exercise business discretion on behalf of the Funds. In addition, investors in the Funds may not receive information relating to the Funds' portfolio investments, measurements of risk or values related thereto.

The Funds are expected to hold the investments for a number of years and, in turn, the partnerships in which the Funds invest ("***underlying partnerships***") are expected to hold their investments for a number of years. To the extent assets in underlying partnerships are shared by the Funds, conflicts may arise as to the management and sale of assets between the Funds. In addition, in some cases, a Client may be prohibited by contract or applicable laws from selling certain securities for a period of time or conversely, may be required to sell certain securities at a certain time.

An investment in a Fund is suitable only for certain sophisticated investors that have no need for immediate liquidity in their investments. Such an investment provides limited liquidity because interests in the Funds are not freely transferable, and investors are subject to significant limitations on the right to withdraw capital or redeem shares.

### **Conflicts of Interest**

Potential conflicts of interest exist and other conflicts of interest may arise between EF Capital and its affiliates, on the one hand, and its Clients on the other. The Adviser and its affiliates may in the future manage or sponsor other Funds or Separate Accounts with objectives that may differ from the objectives of existing Clients or with objectives that are similar to or overlap with the existing Clients. Other conflicts of interest may arise with respect to (i) the compensation paid to EF Capital and its affiliates by Clients, (ii) the allocation of time and resources by EF Capital and its affiliates and their employees among Clients, and to other business, (iii) the allocation of investment opportunities in the event the Adviser manages multiple Client accounts, and (iv) portfolio composition and the valuation of assets (v) expense allocation (vi) treatment of other limited partners and (vii) limitation of liability and indemnification and outside business activities. This brochure does not purport to identify or predict all such conflicts. Clients and Fund investors ultimately will be heavily dependent upon the good faith of the Adviser and its affiliates.

**Conflicts of Interest Relating to Performance Based Compensation** – The payment of Performance Fees to the Adviser may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if this allocation were not made.

### **Cybersecurity Risks**

The Adviser, the Funds and their respective affiliates and service providers depend on information technology systems and, notwithstanding the diligence that the Adviser or its affiliates may perform on its or the Fund's (or any of the Adviser's other Clients') service providers, it may not be in a position to verify the risks or reliability of such information technology systems. The Adviser, the Funds and their respective affiliates and service providers are subject to risks associated with a breach in cybersecurity. "Cybersecurity" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in

damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. The Adviser, its affiliates and their information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Adviser has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Adviser or an affiliate may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Adviser's, the Fund's or any of their respective affiliates' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Adviser's or its affiliates' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Funds or individual investors by interfering with the operations of the Adviser and its affiliates (or their service providers). The Funds and the Adviser's other Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, 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 one or more of the Funds, other Clients, the Adviser and their respective affiliates to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds and other Clients may be required to indemnify the Adviser and its affiliates against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in EF Capital's methods of analysis and investment strategies used in formulating investment advice or managing assets. Prospective Clients and investors should read this brochure and/or the applicable Governing Documents of a Fund in their entirety before making any investment decisions.**

## **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of EF Capital's advisory business or the integrity of the Adviser's management.

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

One or more of the EF Capital's affiliates may in the future act as general partners to Funds and, in such capacities, may be deemed to be "investment advisers" (as such term is defined in the Advisers Act). While the Adviser and general partner(s) will generally be organized as separate legal entities, they will collectively conduct a single advisory business.

EF Capital and its affiliates may engage in other activities, including providing investment management and advisory services to other Funds and Separate Accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to the Clients and their affairs. Such other activities may require a substantial amount of time. EF Capital and its affiliates may allow certain investors in the Funds or Separate Accounts to invest side-by-side with a Fund in connection with certain investments, and EF Capital and its affiliates may receive fees in connection with such investments.

The allocation of investment opportunities among Clients will be made on a basis that EF Capital determines in good faith to be fair and reasonable over time, taking into account considerations that it deems relevant, including the investment objectives and investment portfolios of the Clients.

Certain of the Adviser's employees, officers, members and/or affiliates may serve as directors, officers or committee members of certain portfolio companies owned by Clients and, in that capacity, generally are required to make decisions that consider the best interests of such portfolio companies. Such persons could face actual and potential conflicts of interest between discharging their duties as directors, officers or committee members, as the case may be, of such companies and acting in the best interest of the applicable Clients. Moreover, certain of the Adviser's employees, officers, members and/or affiliates also may serve as directors of public companies and their activities on behalf of those other companies may present actual and/or potential conflicts of interest (including conflicting fiduciary duties). Affiliates of the Adviser may receive compensation from companies in their capacities as directors, officers or committee members and this compensation may not be shared with the Funds or Clients.

**The Adviser may face conflicts of interest when allocating investment opportunities among its Clients. EF Capital and its affiliates may give different advice or take different action with respect to the Funds or Separate Accounts.**

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

### **Code of Ethics**

EF Capital strives to adhere to the highest industry standards of conduct based on the principles of professionalism, integrity, honesty and trust. Pursuant to this goal, the Adviser has adopted a written Code of Ethics (the "**Code**") to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of EF Capital (the "**Employees**"), each Employee's spouse, minor children and other family members living in his or her household (the "**Related Persons**"), as well as each other individual designated in writing by a compliance officer as being subject to all or a portion of the compliance procedures or policies adopted by the Adviser (collectively the "**Covered Persons**"). The Adviser requires its Employees to act in its Clients' best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

### **Personal Trading**

The Adviser requires pre-clearance before purchasing an IPO or limited offering (*i.e.*, private placement); requires periodic reporting of Covered Persons' personal securities transactions and all holdings; places other restrictions on Employee personal trading; and requires prompt internal reporting of Code violations. Certain transactions in which EF Capital engages may require, for either business or legal reasons that no Covered Person trade in the subject securities for specified time periods. Such securities will appear on a list (the "**Restricted List**") that will be circulated to all Covered Persons. No Covered Person may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer. EF Capital endeavors to maintain current and accurate records of all personal securities accounts of its Covered Persons in an effort to monitor all such activity. A copy of EF Capital's Code is available upon written request to: Steven Reed, Jr., Chief Compliance Officer, EF Capital Advisers, LLC, 1717 McKinney Avenue, Suite 700, Dallas, Texas 75202, (214) 740-6140.

### **Transactions Involving Conflicts of Interest**

The Adviser may enter into principal transactions and other transactions or arrangements with clients that may be viewed as matters involving actual or potential conflicts of interest. The Adviser generally will review each transaction involving a material conflict of interest and take such steps as it deems necessary

and/or appropriate under the circumstances to ensure that the terms of the transactions are fair and reasonable. The Adviser generally will endeavor to effect these transactions in accordance with its fiduciary requirements and applicable law (which may include disclosure and consent) and the applicable Governing Documents of a Fund.

### **Outside Activities**

The Adviser's supervised persons generally are expected to devote their business time and efforts to the business of the Adviser. Supervised persons generally must seek prior written consent of the Chief Compliance Officer before serving as a director, manager, partner, member, trustee, officer, employee or contractor of any outside company or organization or receiving compensation from any outside company or organization. Outside activities generally will be approved only if material conflict of interest issues can be satisfactorily addressed, resolved, disclosed and/or mitigated and any necessary disclosures are made to Clients or investors (as applicable).

### **Gifts and Entertainment**

The Adviser's supervised persons may on occasion offer or accept gifts or invitations to entertainment but must always act in the best interest of clients and investors and avoid any activity that would create a material conflict of interest or impropriety in the course of the Adviser's business relationships. The Adviser's gifts and entertainment policy implements internal controls to monitor such activity, including requiring supervised persons to report to, or obtain prior approval from, the Chief Compliance Officer before accepting or providing gifts and entertainment of significant value from or to clients, prospective clients, investors, prospective investors or other persons doing business or desiring to do business with the Adviser or its affiliates.

### **Political Contributions**

The Adviser's Political Contributions Policy generally requires pre-approval of contributions to certain U.S. government officials, candidates, political parties and political action committees by the Adviser and its covered persons to the extent that Adviser has, or intends to solicit for investment, government entity Clients or investors in the Funds.

## **Item 12: Brokerage Practices**

Subject to the investment guidelines and other limitations set forth in the relevant Governing Documents of a Fund or Separate Account agreement, EF Capital, generally has the power and authority to carry out the investment mandates of Client portfolios, including the purchase and sale of Fund investments, the selection of brokers, and the negotiation of brokerage compensation. However, although EF Capital may have the authority to do so, it does not currently select broker-dealers to effect transactions for its Client accounts.

In suggesting brokers for any transaction or series of transactions, EF Capital and its affiliates may consider a number of factors, including reputation, financial strength and stability, efficiency of execution, ability to execute difficult or complex transactions, on-line access to computerized data regarding Clients' accounts, and other matters involved in the receipt of brokerage services generally. EF Capital does not enter into any soft dollar or other similar arrangements with broker-dealers.

At this time, EF Capital has no directed brokerage arrangements. In the event that a directed brokerage arrangement is considered in the future, such arrangement would require approval by EF Capital, and it will amend this brochure accordingly.

## **Item 13: Review of Accounts**

### **Frequency of Review of Client Accounts and Content of Reports to Clients**

Depending on Clients' needs, EF Capital performs review of Client portfolios on a quarterly basis or such other frequency that the Adviser deems necessary. These reviews will be conducted by one of the Principals. The reviews are conducted to determine the accuracy, completeness, suitability and satisfaction of the Client's stated objectives. In addition, EF Capital may prepare and furnish to Clients, upon request, reports summarizing the Client's portfolio holdings at various financial institutions and showing the Client's overall asset allocation. Such reports may be furnished monthly, quarterly, or annually depending on the Client's preference. The Adviser generally provides annual audited financial statements to Fund investors within 120 days of the applicable Fund's fiscal year end.

## **Item 14: Client Referrals and Other Compensation**

### **Economic Benefits for Providing Services to Clients**

EF Capital does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

### **Compensation to Non-Supervised Persons for Client Referrals**

EF Capital does not currently compensate any person who is not a supervised person for referrals of Clients. However, EF Capital may enter into such arrangements in the future.

## **Item 15: Custody**

EF Capital will be deemed to have custody of Client funds and securities in situations where it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. In such cases, all Client funds and securities under the control of the Adviser will be maintained at unaffiliated broker-dealers or banks.

The Adviser is subject to Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"). With respect to the Funds, the Adviser will be deemed to have complied with certain requirements of the Custody Rule because it complies with the provisions of the "Pooled Vehicle Annual Audit Exception", which, among other things, requires that the Funds be subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires the Fund distribute audited financial statements to each of its investor within 120 days of the Funds' fiscal year end.

Typically, EF Capital will not have custody of funds or securities managed in a Separate Account.

Except as otherwise described above, EF Capital does not have actual or constructive custody of the funds and securities of its Clients.

## **Item 16: Investment Discretion**

The Adviser or an affiliate of the Adviser will serve as the investment adviser generally with discretionary trading authority to manage the assets of each Fund pursuant to an investment management agreement or the Governing Documents (as the case may be). The Adviser may manage Separate Accounts on both a discretionary and non-discretionary basis.

The Adviser's investment decisions and advice with respect to Funds are subject to each Fund's investment objectives, strategy, guidelines and limitations, as set forth in the Governing Documents. Similarly, the



Adviser's investment decisions and advice with respect to each Separate Account will be subject to each Client's investment objectives, strategy, guidelines and limitations, as set forth in an investment management agreement, as well as any written instructions provided by the Separate Account owner to the Adviser. With respect to each Separate Account, the Adviser's investment authority is subject to negotiation with each Separate Account owner.

## **Item 17: Voting Client Securities**

In accordance with Rule 206(4)-6 of the Advisers Act, EF Capital has adopted and implemented written policies and procedures governing the voting of Client securities. While EF Capital may technically have proxy voting authority on behalf of the Funds, it generally does not expect to be called upon to vote proxies with respect to securities owned by the Funds. Nevertheless, in the event that it is called upon to vote proxies, the Adviser will vote such proxies in accordance with the proxy voting policies and procedures set forth in EF Capital's compliance manual. Separate Account owners may negotiate for the right to direct the voting of proxies.

The proxy voting policy provides, among other things, that in general, if there is a conflict of interest or possible conflict of interest between a Client, on the one hand, and the Adviser, on the other, the proxy will be voted in the best interest of the Client. If EF Capital determines that any such conflict of interest exists or may be perceived to exist when voting a proxy, EF Capital may, at its own discretion, resolve such conflict by: (i) delegating the voting decision for such proxy proposal to an independent third party; (ii) delegating the voting decision to an independent committee of partners, members, directors or other representatives of a Client, as applicable; or (iii) informing the investors in a Fund of the conflict of interest and obtaining the requisite consent to vote the proxy as recommended by EF Capital. In general, EF Capital's proxy voting policy is to vote in accordance with the recommendation of the company's management, unless, in EF Capital's opinion, such recommendation is not in the best interests of a Client. Fund investors generally do not have the right to direct EF Capital on how to vote on a particular matter.

There may be circumstances when refraining from voting a proxy is in a Client's best interest including, without limitation, when and if EF Capital determines that the cost of voting the proxy exceeds the expected benefit to the Client. Furthermore, Clients may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that a Client would receive by voting the proxies involved. In such cases, EF Capital may decide it is in the best interests of a Client not to vote the applicable proxies.

Clients may obtain a copy of EF Capital's Proxy Voting Policies and Procedures and information on how securities have been voted upon by submitting a written request directed to: Steven Reed Jr., Chief Compliance Officer, EF Capital Advisers, LLC, 1717 McKinney Avenue, Suite 700, Dallas, Texas 75202, or [compliance@efcapital.com](mailto:compliance@efcapital.com).

## **Item 18: Financial Information**

A balance sheet is not required to be provided as EF Capital (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to Clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.