

## **Part 2A of Form ADV**

### **Firm Brochure**

August 2017

## **Camelot Capital Partners, LLC**

**312 Broadway Street**

**Suite 208**

**Laguna Beach, California 92651**

Phone: 949-715-8173

Email: [william@camelotpartners.co.uk](mailto:william@camelotpartners.co.uk)

This brochure provides information about the qualifications and business practices of Camelot Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at [william@camelotpartners.co.uk](mailto:william@camelotpartners.co.uk). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any State regulatory authority.

Additional information about Camelot Capital Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Camelot Capital Partners, is 281843.

Any references to Camelot Capital Partners, LLC as a registered investment adviser or its related persons as registered Advisory Representatives does not imply a certain level of skill or training.

## Item 2 - Material Changes

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### Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### Material Changes

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. This section outlines only specific material changes made by Camelot Capital Partner, LLC (Camelot and/or the Firm). This Camelot Brochure provides you with a summary regarding such changes.

In May 2017 Camelot filed the applicable FORM D Notice of Exempt Offering of Securities with the Securities Exchange Commission (SEC). In June 2017 the Firm amended its registration from an Exempt Reporting Adviser to an Investment Adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Firm Brochure compiled by Camelot to provide new and prospective clients with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Firm Brochure to read it carefully in its entirety.

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### Full Brochure Available

We will ensure that you receive a summary, at the close of our Firm’s fiscal year, concerning any material changes to this Brochure and our subsequent Brochures within 120 days. Furthermore, we will provide you with applicable updates regarding material changes. Our last annual ADV Part 1A update occurred on March 20, 2017.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 949-715-8173 or by email at: [william@camelotpartners.co.uk](mailto:william@camelotpartners.co.uk).

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# ADV PART 2A

## Item – 4 Advisory Business

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### Firm Description

Camelot, (the Adviser) was founded in 2015 and is an SEC registered investment adviser.

The investment activities of the Adviser are led by William Barker. A number of other investment professionals may work with Mr. Barker to execute Camelot's investment strategy.

Camelot serves as an investment manager and provides discretionary advisory services to two private investment vehicles; the offering of shares (Participating Shares) in Barker Partnership Fund (the Company) and limited partnership interests (Interests) in Barker Partnership L.P. (the Partnership). The Company is a company incorporated under the Companies Law (Revised) of the Cayman Islands as an exempted company limited by shares. The Partnership is an exempted limited partnership established in the Cayman Islands.

Assets of the Private Funds are managed in accordance with the terms of the Private Funds' confidential offering memorandum, and the Investment Advisory Agreement between Camelot Capital Partners (Cayman) Ltd. and the Adviser.

The firm does not sell securities on a commission basis. However, there may be some associated persons who are in other fields where they receive commissions as compensation. The firm is not affiliated with entities that sell financial products or securities.

As an Investment Manager, the Adviser will decide periodically on the investments of the Fund, review the investment process, evaluate proposed investments and monitor the performance of the Fund. The Adviser Investment has full discretion over the matters relating to the manner, the method and timing of investments and transactions.

The Adviser does not act as a custodian of client assets and the client always maintains asset control.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Any conflicts of interest arising out of the Adviser's or its associated persons are disclosed in this brochure.

Principal Owner(s):

William J. Barker

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**Types of Advisory Services**

The Adviser provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues periodicals about securities by subscription; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

As of June 1, 2017, the Adviser manages approximately \$ 236,000,000 in assets on a discretionary basis for the Company and Partnership.

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**Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

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**Assignment of Investment Management Agreements**

Agreements may not be assigned without client consent.

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**Types of Agreements**

The following agreements define the typical client relationships.

**Investment Management Agreement**

As part of the investment management service, all aspects of the client's financial affairs are reviewed and realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis. The Adviser periodically reviews a client's financial situation and portfolio through regular contact with the client which often includes an annual meeting with the client. The Adviser makes use of portfolio rebalancing software to maintain client allocations according to the Investment Policy Statement in effect.

The scope of work and fee for an Advisory Service Agreement is provided to the client in writing prior to the start of the relationship. The agreement sets forth the services to be provided, the fees for the service and the agreement may be terminated by either party in writing at any time.

**Financial Planning Agreement**

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement

scenarios; estate planning review and recommendations; and education planning with funding recommendations.

The financial planning may be the only service provided to the client and does not require that the client use or purchase the investment advisory services offered by the Advisor or any of the insurance products or other products and services offered by the associated persons of the Advisor. There is an inherent conflict of interest for the Advisor whenever a financial plan recommends use of professional investment management services or the purchase of insurance products or other financial products or services. The Advisor or its associated persons may receive compensation for financial planning and the provision of investment management services and/or the sale of insurance and other products and services. The Advisor does not make any representation that these products and services are offered at the lowest available cost and the client may be able to obtain the same products or services at a lower cost from other providers. However, the client is under no obligation to accept any of the recommendations of the Advisor or use the services of the Advisor in particular.

### **Retainer Agreement**

In some circumstances, a Retainer Agreement is executed in lieu of an Advisory Service Agreement when it is more appropriate to work on a fixed-fee basis. The annual fee for a Retainer Agreement is negotiable.

### **Hourly Engagements**

The Adviser provides hourly services for clients who need advice on a limited scope of work. The services generally include financial planning/consulting fees. Fees are charged at the rate of \$500 per hour for work conducted with a minimum of \$125.00 for a 15-minute increment. Mr. Barker's hourly rate is \$750 per hour. Fees may also be set as a fixed fee for financial planning services or for special educational services. Fixed fees for financial planning services range from \$1000.00 to \$15,000.00 depending on the complexity of a specific case. Fees are negotiable.

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### **Asset Management**

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. The Adviser does not receive any compensation, in any form, from fund companies.

Initial public offerings (IPOs) are not available through the Adviser.

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## **WRAP Program**

The Adviser does not participate in wrap-fee programs. (Wrap-fee programs offer services for one all-inclusive fee.)

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## **Termination of Agreements**

A Client may terminate any of the aforementioned agreements at any time by notifying the Adviser in writing. Clients shall be charged pro rata for services provided through to the date of termination. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment.

The Adviser may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, the Adviser will refund any unearned portion of the advance payment.

The Adviser reserves the right to terminate any financial planning engagement where a client has willfully concealed or has refused to provide pertinent information about financial situations when necessary and appropriate, in the Adviser's judgment, to providing proper financial advice. Any unused portion of fees collected in advance will be refunded.

## **Item 5 - Fees and Compensation**

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### **Investment Management**

The Adviser may base its fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees), subscription fees, commissions, as well as fees applicable to the Private Fund.

### ***Private Fund***

The Adviser will typically receive compensation from management fees based on a percentage of assets under management and performance allocations. Investors should review the Private Fund's Confidential Offering Memorandum for a description of all fees charged by the Adviser and others to fully understand the total amount of fees to be paid by the Private Fund and, indirectly, by investors in the Private Fund.

### ***Management Fee***

Each Private Fund investor will be charged an asset based fee (the Management Fee) equal to 2.0% per annum of the net asset value of the investor's investment in the Private Fund. The Management Fee will be calculated and paid quarterly in arrears and will be deducted from the investor's capital account in the Private Fund.

The Adviser, in its sole discretion, may elect to reduce, waive or charge the Management Fee on different terms with respect to any Private Fund investor, including through separate written agreements with investors and the establishment of different classes of participation in the Private Fund.

### ***Performance Allocation***

In addition to the Management Fee, the Fund General Partner will receive from the assets of the Private Fund an incentive allocation (the Performance Allocation) in an amount equal to 20% of the amount by which the Closing Net Asset Value (NAV) of each capital account of the Limited Partners (except the Company) exceeds the Benchmark NAV shall be allocated to the Contingent Performance Reserve.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be billed on a pro rata basis for the portion of the quarter completed. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. The investment management fees are negotiable at the sole discretion of the Adviser.

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### **Conflict of Interest between Different Fee Structures**

The Adviser may elect to offer several different services outlined in this brochure that compensate the Adviser differently depending on the service selected. There is a conflict of interest for the Adviser and its associated personnel to recommend the services that offer a higher level of compensation to the Firm through either higher management fees or reduced administrative expenses. The Adviser mitigates this conflict through its procedures to review client accounts relative to the client or investors personal financial situation to ensure the investment management service provided is appropriate. Further, the Adviser is committed to its obligation to ensure associated persons adhere to the Firm's Code of Ethics and to ensure that the Firm and its associated persons fulfill their fiduciary duty to clients or investors.

## **Item 6 - Performance Fees**

As described above in Item 5 "Fees and Compensation," the Adviser receives a Performance Allocation from the Private Fund. To the extent the Private Fund is subject to a performance based fee, such performance or incentive fee may create an incentive for the Adviser to make investments that are more speculative than would be the case in the absence of such performance based compensation.

Whether the Private Fund fee is performance-based or not, the Adviser will design and implement policies and procedures to prevent a potential conflict of interest regarding an incentive to favor accounts from which it receives a performance fee.



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

### ***Private Fund***

The Adviser provides discretionary management and advisory services to the Private Fund directly and not individually to the investors in the Private Fund. Investors in the Private Fund may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds of-funds), trusts, estates or charitable organizations, and corporate or business entities.

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

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### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, cyclical analysis or other method [describe in detail].

The main sources of information include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that the Adviser may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, Charles Schwab & Company's "SchwabLink" service, Advisor Intelligence, and the World Wide Web.

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### **Investment Strategies**

The investment objective of the Partnership is to maximize risk-adjusted returns over the long term through the pursuit of a 'long' equities-focused investment strategy with a maximum, defined proportion of the NAV of the Partnership for investment. The Adviser intends to consider a variety of factors in its investment decision-making including, but not limited to, the following:

- The Adviser's own analysis of the Target Company's management board; their integrity, alignment with shareholders and ability to manage the Target Company.
- The Target Company's capital allocation disciplines;
- The long-term business strategy of the Target Company;
- Key risks to which the Target Company may be subject, including but not limited to commercial and regulatory risks;
- Liquidity of the securities issued by the Target Company; and
- General diversification of the Fund's existing portfolio at the time that an investment is being considered as a whole and any concentration and portfolio risks that may arise by investment into Target Companies in any industrial sector.

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## **Market, Security and Regulatory Risks**

Any investment with the Adviser involves significant risk, including a complete loss of capital and conflicts of interest. All investment programs have certain risks that are borne by the investor which are described below:

### **Market Risks:**

Competition. The securities industry and the varied strategies and techniques to be engaged in by the Adviser are extremely competitive and each involves a degree of risk. The Adviser will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of the Adviser substantially depends upon it correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. The Adviser cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Camelot's Investment Activities. The Adviser's investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by the Adviser. Such factors include a wide range of economic, political, competitive, technological and other conditions (including acts of terrorism and war) that may affect investments in general or specific industries or companies. The securities markets may be volatile, which may adversely affect the ability of the Adviser to realize profits.

Material Non-Public Information. By reason of their responsibilities in connection with other activities of the Adviser and/or its affiliates, certain principals or employees of the Adviser and/or its affiliates may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Adviser will not be free to act upon any such information. Due to these restrictions, the Adviser may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Accuracy of Public Information. The Adviser selects investments, in part, on the basis of information and data filed by issuers with various government regulators or made directly available to the Adviser by the issuers or through sources other than the issuers. Although the Adviser evaluates all such information and data and sometimes seeks independent corroboration when it's considered appropriate and reasonably available, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available.

Investments in Undervalued Securities. The Adviser intends to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunities for above-average capital appreciation, these investments

involve a high degree of financial risk and can result in substantial losses. Returns generated from the Adviser's investments may not adequately compensate for the business and financial risks assumed.

Small Companies. The Adviser may invest a portion of its assets in small and/or unseasoned companies with small market capitalization. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations.

Leverage. When deemed appropriate by the Adviser and subject to applicable regulations, the Adviser may incur leverage in its investment program, whether directly through the use of borrowed funds, or indirectly through investment in certain types of financial instruments with inherent leverage, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss.

Options and Other Derivative Instruments. The Adviser may invest, from time to time, in options and other derivative instruments, including, but not limited to, the buying and selling of puts and calls on some of the securities held by the Adviser. The prices of many derivative instruments, including many options and swaps, are highly volatile. The values of options and swap agreements depend primarily upon the price of the securities, indexes, commodities, currencies or other instruments underlying them. Price movements of options contracts and payments pursuant to swap agreements are also influenced by, among other things, interest rates, changing supply and demand relationships, and trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. Options on highly volatile securities, currencies or other assets may be more expensive than options on other investments.

Hedging Transactions. Investments in financial instruments such as forward contracts, options, commodities and interest rate swaps, caps and floors, other derivatives, and other investment techniques are commonly utilized by investment funds to hedge against fluctuations in the relative values of its portfolio positions as a result of changes in currency exchange rates, interest rates and/or the equity markets or sectors thereof. Any hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. The Adviser is not obligated to establish hedges for portfolio positions and may not do so.

Market or Interest Rate Risk. The price of most fixed income securities move in the opposite direction of the change in interest rates. For example, as interest rates rise, the price of fixed income securities falls. If the Adviser holds a fixed income security to maturity, the change in its price before maturity may have little impact on the Adviser's performance; however, if the Adviser has to sell the fixed income security before the maturity date, an increase in interest rates could result in a loss to the Adviser.

Fixed Income Call Option Risk. Many bonds, including agency, corporate and municipal bonds, and all mortgage-backed securities, contain a provision that allows the issuer to "call" all or part of the issue before the bond's maturity date. The issuer usually retains this right to refinance the bond in the future if market interest rates decline below the coupon rate. There are three disadvantages to the call provision. First, the cash flow pattern of a callable bond is not known with certainty. Second, because the issuer will call the bonds when interest rates have dropped, the Adviser is exposed to reinvestment rate risk – the Adviser will have to reinvest the proceeds received when the bond is called at lower interest rates. Finally, the capital appreciation potential of a bond will be reduced because the price of a callable bond may not rise much above the price at which the issuer may call the bond.

Inflation Risk. Inflation risk results from the variation in the value of cash flows from a security due to inflation, as measured in terms of purchasing power. For example, if the Adviser purchases a 5-year bond in which it can realize a coupon rate of 5%, but the rate of inflation is 6%, then the purchasing power of the cash flow has declined. For all but inflation-linked bonds, adjustable bonds or floating rate bonds, the Adviser is exposed to inflation risk because the interest rate the issuer promises to make is fixed for the life of the security.

Investments in Non-U.S. Investments. From time to time, the Adviser may invest and trade a portion of its assets in non-U.S. securities and other assets (through ADRs and otherwise), which will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and foreign issuers and markets are subject. Such risks may include:

- Political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels, and limitations on the use or transfer of portfolio assets.
- Enforcing legal rights in some foreign countries is difficult, costly and slow, and there are sometimes special problems enforcing claims against foreign governments.
- Foreign securities and other assets often trade in currencies other than the U.S. dollar, and the Adviser may directly hold foreign currencies and purchase and sell foreign currencies through forward exchange contracts. Changes in currency exchange rates will affect the Adviser's net asset value, the value of

dividends and interest earned, and gains and losses realized on the sale of investments. An increase in the strength of the U.S. dollar relative to these other currencies may cause the value of the Adviser's investments to decline. Some foreign currencies are particularly volatile. Foreign governments may intervene in the currency markets, causing a decline in value or liquidity of the Adviser's foreign currency holdings. If the Adviser enters into forward foreign currency exchange contracts for hedging purposes, it may lose the benefits of advantageous changes in exchange rates. On the other hand, if the Adviser enters forward contracts for the purpose of increasing return, it may sustain losses.

- Non-U.S. securities, commodities and other markets may be less liquid, more volatile and less closely supervised by the government than in the United States. Foreign countries often lack uniform accounting, auditing and financial reporting standards, and there may be less public information about the operations of issuers in such markets.

Risk of Default or Bankruptcy of Third Parties. The Adviser may engage in transactions in securities, commodities, other financial instruments and other assets that involve counterparties. Under certain conditions, the Adviser could suffer losses if a counterparty to a transaction were to default or if the market for certain securities, commodities, other financial instruments and/or other assets were to become illiquid.

### Regulatory Risks:

Strategy Restrictions. Certain institutions may be restricted from directly utilizing investment strategies of the type in which the Adviser may engage. Such institutions, including entities subject to ERISA, should consult their own advisors, counsel and accountants to determine what restrictions may apply and whether an investment in the Adviser is appropriate.

Trading Limitations. For all securities, instruments and/or assets listed on an exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject the Adviser to loss. Also, such a suspension could render it impossible for the Adviser to liquidate positions and thereby expose the Adviser to potential losses.

Conflicts of Interest: In the administration of client accounts, portfolios and financial reporting, the Adviser faces inherent conflicts of interest which are described in this brochure. Generally, the Adviser mitigates these conflicts through its Code of Ethics which provides that the client's interest is always held above that of the Firm and its associated persons.

Supervision of Trading Operations. The Adviser, with assistance from its brokerage and clearing firms, intends to supervise and monitor trading activity in the portfolio accounts to ensure compliance with firm and client objectives. Despite the Adviser's efforts, however, there is a risk that unauthorized or otherwise inappropriate trading activity may occur in portfolio accounts.

Depending on the nature of the investment management service selected by a client and the securities used to implement the investment strategy, clients will be exposed to risks that are specific to the securities in their particular investment portfolio.

### Security Specific Risks:

Liquidity: Liquidity is the ability to readily convert an investment into cash. Securities where there is a ready market that is traded through an exchange are generally more liquid. Securities traded over the counter or that do not have a ready market or are thinly traded are less liquid and may face material discounts in price level in a liquidation situation.

Currency: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Limited Liquidity of Interests. An investment in a partnership usually involves substantial restrictions on liquidity and its interests are not freely transferable. There is no market for these interests and no market should be expected to develop. Additionally, transfers are usually subject to the consent of the general partner at the general partner's sole discretion.

Lack of Registration: Funds or LP interests have neither been registered under the Securities Act nor under the securities or "blue sky" laws of any state and, therefore, are subject to transfer restrictions.

Withdrawal of Capital: The ability to withdraw funds from the funds or LP interests is usually restricted in accordance with the withdrawal provisions contained in an Offering Memorandum. In addition, substantial withdrawals by investors within a short period of time could require a fund to liquidate securities positions and other investments more rapidly than would otherwise be desirable, possibly reducing the value of the fund's assets and/or disrupting the fund's investment strategy.

## Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither the Adviser nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past ten (10) years requiring disclosure.

## Item 10 - Other Financial Industry Activities and Affiliations

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### Brokerage Affiliations

The Adviser is not registered as a securities broker-dealer. In addition, associated persons of the Adviser are not registered representatives of a broker dealer, or a

futures commission merchant, commodity pool operator or commodity trading advisor.

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**Affiliations**

William Barker is a Director of the Company, a director of the General Partner, the owner of the Adviser and the principal trader responsible for the execution of the Adviser's investment strategy relating to the Fund. His role as Director of the Company and a director of the General Partner is not independent of the Investment Manager or the Adviser. Although the Adviser believes that these dual appointments assist with operational efficiency there is potentially a conflict of interest

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

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**Code of Ethics**

The Adviser has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Adviser's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Adviser's Compliance Officer. Each supervised person of the Adviser receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during that year. Clients and prospective clients may obtain a copy of the Adviser's Code of Ethics by contacting the Compliance Officer of the Adviser.

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**Participation or Interest in Client Transactions**

Under the Adviser's Code of Ethics, the Adviser and its managers, members, officers and employees may invest personally in securities of the same classes as are purchased for clients and may own securities of the issuers whose securities are subsequently purchased for clients. If an issue is purchased or sold for clients and any of the Adviser, managers, members, officers and employees on the same day purchase or sell the same security, either the clients and the Adviser, managers, members, officers or employees shall receive or pay the same price or the clients shall receive a more favorable price. The Adviser and its managers, members, officers and employee may also buy or sell specific securities for their own accounts based on personal investment considerations, which the Adviser does not deem appropriate to buy or sell for clients.

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**Personal Trading**

The Chief Compliance Officer of the Adviser is William J. Barker. If applicable, Mr. Barker reviews all employee trades each quarter (except for his own trading activity which is reviewed by an outside third party, or officer of the Firm). The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that clients of the firm receive preferential treatment.

**Item 12 - Brokerage Practices**

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**Brokerage Selection and Soft Dollars**

The Adviser has the authority over the selection of the broker to be used and the commission rates to be paid without obtaining specific client consent. The Adviser may recommend brokerage firms as qualified custodians and for trade execution. *The Adviser does not receive fees or commissions from any of these arrangements.*

In selecting brokers or dealers to execute transactions, Advisor will seek to achieve the best execution possible but this does not require it to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Advisor is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (i.e., "soft dollars") provided by the broker which are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; statistical and pricing services, as well as discussions with research personnel, along with hardware, software, data bases and other technical and telecommunication services and equipment utilized in the investment management process. It is the policy and practice of the Adviser to strive for the best price and execution for costs and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities Exchange Act of 1934, as amended. Nevertheless, it is understood that the Adviser may pay compensation on a transaction in excess of the amount of compensation that another broker or dealer may charge so long as it is in compliance with Section 28(e), and the Adviser makes no warranty or representation regarding compensation paid on transactions. In negotiating mark-ups or mark-downs, the Adviser will take into account the financial stability and reputation of brokerage firms and the brokerage and research services provided by such brokers, although the client may not, in any particular instance, be the sole direct or indirect beneficiary of the research services provided. The Adviser has no obligation to deal with any broker or group of brokers in executing transactions in portfolio securities.

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**Order Aggregation**

Although the Adviser only currently plans to initially provide advice to a single fund complex, it may plan to add additional funds in the future. When the Adviser



determines that it would be appropriate for the Private Fund and/or one or more other SMA Client accounts to participate in an investment opportunity, the Adviser may batch the SMA Client's trades with the Private Fund's trades. An SMA Client's trades will be aggregated with the Private Fund's trades only if the SMA Client's trades are treated equally with the Private Fund's trades and each participant in the trade receives average execution and average commissions and the securities purchased or sold are allocated pro rata (each account involved in the trade will receive the same percentage of the trade as its total assets are as a percentage of the total assets of all the accounts participating in the trade).

Clients in aggregated transactions each receive the same price per unit, although they may pay differing brokerage commissions depending upon the nature of their directed brokerage arrangement, if any.

If more than one price is paid for securities in an aggregated transaction, each client in the aggregated transaction will receive the average price paid for the block of securities in the same aggregated transaction for the day. If the Adviser is unable to fill an aggregated transaction completely, but receives a partial fill of the aggregated transaction, the Adviser will allocate the filled portion of the transaction to clients based on an equitable rotational system as follows:

- The Adviser must ensure that adequate and full disclosure of its allocation and bunching practices has been made prior to the transaction.
- All clients/investors, accounts or funds participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rata basis.
- Aggregate transactions must not be executed unless the intended and resultant aggregation is consistent with its duty to seek best execution and any terms found in the Adviser's written agreements.
- Aggregated orders filled in their entirety shall be allocated among clients/investors, accounts or funds in accordance with an allocation statement created prior to the execution of the transaction(s); partially filled orders shall be allocated pro-rata based on the allocation statement and the variance from the modeled allocation of a security. Where this method prescribes an odd-lot that is less than 100 shares for an account, the allocation will be rounded up to a whole lot. Client/investor funds held collectively for the purpose of completing the transaction may not be held in this commingled manner for any longer than is practical to settle the transaction.
- Each client/investor, account or fund that participates in an aggregated order will participate at the average share price for all the Adviser's transactions in that security on a given business day, with transaction costs shared pro-rata based on each client/investor's, account's or fund's participation in the transaction.

- Investments resulting from any aggregated order must be consistent with the specific investment objective(s) of each client/investor, account or fund as detailed in any written agreements. No additional compensation shall result from the proposed allocation. No Client/investor, account or fund will be favored over any other Client/investor, account or fund as a result of the allocation.
- Pre-allocation statement(s) specifying the participating Client/investor accounts and the proposed method to allocate the order among the clients/investors, accounts or funds are required prior to any allocated order. Basis for establishing pre-allocations may include pro-rata of account assets to assets for the specific strategy, executing broker and variance from modeled position holding as factors. Should the actual allocation differ from the allocation statement, such trade may only be settled with the approval of the CCO or another appropriately qualified and authorized principal of the Adviser.

In cases where the Client has negotiated the commission-rate directly with the broker, the Adviser will not be able to obtain more favorable commission rates based on an aggregated trade. In such cases, the Client will be precluded from receiving the benefit of any, possible commission discounts that might otherwise be available a result of the aggregated trade.

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### **Directing Brokerage for Client Referrals**

The Adviser and its associated persons do not receive client referrals from broker dealers or third parties as consideration for selecting or recommending brokers for client accounts.

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### **Directed Brokerage**

The Adviser allows clients to direct brokerage but the Adviser does not require clients to direct brokerage. In the event that a client directs the Adviser to use a particular broker or dealer, the Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the Adviser to use a particular broker or dealer and other clients who do not direct Advisor to use a particular broker or dealer which may result in higher trading expenses to the client who directs brokerage. The Adviser may place orders for transactions in certain securities initially only for those accounts which are held in custody at banks or at brokerage firms that permit the Adviser to place trades for accounts held in custody at that firm with other brokerage firms. Therefore, accounts held in custody at firms which do not permit the Adviser to place transactions with other brokerage firms may not be able to participate in the initial transaction and may not be able to participate in the same gains or losses as other Clients whose accounts are not so restricted. In cases where trading or investment restrictions are placed on a Client's account, the Adviser

may be precluded from aggregating that Client's transaction with other accounts which may result in less favorable security prices and/or higher transaction costs.

## **Item 13 - Review of Accounts**

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### **Periodic Reviews**

All investments by the Company and Partnership are reviewed and approved by the Adviser's investment personnel, which includes William Barker. Investments within the Private Fund's portfolio are reviewed on a daily basis and if applicable, the Adviser's investment personnel may meet to discuss items such as the decision logic in the algorithms, risk limits of each portfolio and platform, and execution results.

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### **Review Triggers**

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's financial or personal situation.

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### **Regular Reports**

Clients receive periodic reports on at least a quarterly basis. The written reports may include account valuation, performance stated in dollars and as a percent, net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives. Clients receive statements of account positions no less than quarterly from the account custodian.

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

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### **Incoming Client Referrals**

The Adviser receives client referrals which may come from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals to Third Parties**

The Adviser does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15 - Custody**

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### **Custody Policy**

The Adviser does not accept or permit the Firm or its associated persons from obtaining custody of client assets including cash, securities, acting as trustee, provide

bill paying service, have password access to control account activity or any other form of controlling client assets. All checks or wire transfer to fund client accounts are required to be made out to/sent to the account custodian.

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**Account Statements**

All assets are held at qualified custodians and the custodians provide account statements not less than quarterly to clients at their address of record. Clients should carefully review such statements for any discrepancies or inaccuracies.

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**Performance Reports**

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisers to urge clients to compare the information set forth in their statement from the Adviser with the statements received directly from the custodian to ensure accuracy of all account transactions.

## **Item 16 - Investment Discretion**

The Adviser contracts for limited discretionary authority to transact portfolio securities accounts on behalf of clients. Discretionary authority is granted either by the Adviser's investment management agreement and/or by a separate limited power of attorney where such document is required. The Adviser has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. The firm's discretionary authority regarding investments may however be subject to certain limitations. These limitations are recognized as the restrictions and prohibitions placed by the Client on transactions in certain types of business or industries. All such restrictions are to be agreed upon in writing at the account's inception.

The Adviser will consult with the client where discretion is not obtained prior to each trade in order to obtain client approval for the transaction(s).

The client authorizes the discretion to select the custodian to be used and the commission rates paid to the Adviser. The Adviser does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

## **Item 17 - Voting Client Securities**

The Adviser will not vote nor advise clients how to vote proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. The Adviser does not give any advice or take any action with respect to the voting of these proxies. For accounts subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), the plan fiduciary specifically

keeps the authority and responsibility for the voting of any proxies for securities held in plan accounts. The Adviser promptly passes along any proxy voting information to the clients or their representatives.

## **Item 18 - Financial Information**

The Adviser does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients. The Adviser meets all net capital requirements that it is subject to and the Adviser has not been the subject of a bankruptcy petition in the last ten (10) years.

The Adviser is not required to provide a balance sheet as it does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.