

FORT BAKER CAPITAL MANAGEMENT LP

Part 2A of Form ADV Brochure Document

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This brochure provides information about the qualifications and business practices of Fort Baker Capital Management LP. If you have any questions about the contents of this brochure, please contact us at (415) 306-5512 and/or at wcheng@fortbakercapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Fort Baker Capital Management LP is available on the SEC’s website at www.adviserinfo.sec.gov.

Fort Baker Capital Management LP is registered as an investment adviser with the SEC. Registration as an investment adviser does not constitute an endorsement by the SEC of an investment adviser’s skill or expertise, nor does it imply any level of skill or training in providing advisory services to its clients.

Item 2. Material Changes

This is the first Form ADV Part 2A Fort Baker Capital Management LP has filed, so there have been no changes from any previously filed Part 2A.

Item 3. Table of Contents

| | | |
|----------|--|----|
| Item 2. | Material Changes..... | i |
| Item 3. | Table of Contents | i |
| Item 4. | Advisory Business..... | 1 |
| Item 5. | Fees and Compensation | 2 |
| Item 6. | Performance-Based Fees and Side-by-Side Management | 6 |
| Item 7. | Types of Clients | 6 |
| Item 8. | Methods of Analysis, Investment Strategies and Risk of Loss | 7 |
| Item 9. | Disciplinary Information..... | 13 |
| Item 10. | Other Financial Industry Activities and Affiliations | 13 |
| Item 11. | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 13 |
| Item 12. | Brokerage Practices | 14 |
| Item 13. | Review of Accounts | 16 |
| Item 14. | Client Referrals and Other Compensation | 17 |
| Item 15. | Custody..... | 17 |
| Item 16. | Investment Discretion..... | 17 |
| Item 17. | Voting Client Securities..... | 17 |
| Item 18. | Financial Information | 18 |

Item 4. Advisory Business

Firm Overview

Fort Baker Capital Management LP (“FBCM” or “we”) was formed in 2015 to provide discretionary investment management services to a limited number of investment funds and institutional clients. Our principal place of business is in Larkspur, California.

FBCM is a Delaware limited partnership of which Fort Baker Capital LLC (“FBCLLC”) is the sole general partner. Steven Patrick Pigott is the principal owner of FBCM, and as FBCLLC’s sole member, controls FBCM.

Advisory Services

As of March 1, 2018, FBCM manages net assets of approximately \$157,000,000. We began business in March 2016 by launching Fort Baker Catalyst Fund, LP, a Delaware limited partnership (the “U.S. Feeder”) and Fort Baker Catalyst Offshore Fund, Ltd., a Cayman Islands exempted company (the “Offshore Feeder”), each of which invests essentially all of its assets in Fort Baker Catalyst Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”).

Fort Baker Special Opportunities, SPC (the “SPC”), an exempted company incorporated and registered as a segregated portfolio company under the laws of the Cayman Islands, commenced operations on June 29, 2017. The SPC intends to establish separate portfolios from time to time in order to co-invest with the Master Fund in specific opportunities that FBCM identifies.

This brochure refers to the U.S. Feeder and the Offshore Feeder as the “Feeders” and to the SPC and the Master Fund, together, as the “Funds.”

FBCM is the Funds’ investment manager, with discretion to invest, reinvest, and otherwise manage the Funds’ assets. It is also the Offshore Feeder’s “sponsor,” with authority to perform certain non-investment activities for that entity. Fort Baker Capital Partners LP (the “General Partner”) is a FBCM affiliate, also controlled by Steven Patrick Pigott, which serves as the U.S. Feeder’s and the Master Fund’s sole general partner. The Feeders’ organizational documents require them to invest essentially all their assets in the Master Fund, so neither FBCM nor the General Partner exercises investment discretion at the Feeder level.

We manage the Funds pursuant to the objectives described in the confidential offering memorandum (each, an “Offering Memorandum” and collectively, the “Offering Memoranda”) by which each Feeder offers its ownership interests to investors (participating, nonvoting shares in the Offshore Feeder and limited partnership interests in the U.S. Feeder; together “Feeder Investments”), and the supplement to the confidential offering memorandum (the “Supplement”) related to a particular segregated portfolio of the SPC. Our investment management agreements with the Funds generally impose no limits on the types of securities or other instruments in which the Funds may invest, the types of positions it may take, the concentration of its investments by sector, industry, fund, country, class or otherwise, the amount of leverage it may employ, or the number or nature of short positions it may take. The Funds’ investors do not have the right to specify, restrict, or influence the Funds’ investment objectives or any investment or trading decisions.

We expect to manage assets on a discretionary basis for one or more institutional clients, in addition to the Funds, pursuing essentially the same investment strategy and objectives as we do for the Funds. This brochure sometimes refers to those clients as “*Separate Account Clients*.”

In accordance with common industry practice, the General Partner for the Master Fund and the US Feeder or FBCM (in its capacity as the investment adviser for the SPC and the Offshore Feeder) may, on behalf of a particular Fund, entered into side letters or other similar agreements (collectively, “Side Letters”) with particular Limited Partners or Shareholders that have the effect of establishing rights under, or altering or supplementing the terms of, the Fund’s governing documents in a manner more favorable to such Limited Partners or Shareholders than those applicable to other Limited Partners or Shareholders.

Fort Baker does not participate in wrap fee programs.

Item 5. Fees and Compensation

The following is a brief summary of the fees and expenses associated with an investment in the Funds and Feeders. Those fees and expenses are described in detail in the Master Fund’s limited partnership agreement and the investment management agreements between FBCM and the Funds, as well as in each Feeder’s Offering Memorandum and the Supplement related to a particular segregated portfolio of the SPC. Fees and expenses borne by Separate Account Clients will be specified in investment management agreements with those clients and are expected generally to be similar to those described below.

Asset-Based Fees

For our services to the Master Fund, the Master Fund pays us a monthly “*Management Fee*” generally determined by reference to the net asset values of the Feeder Investments held by investors in the Feeders (each, a “*Feeder Investor*”), as reflected in memorandum accounts the Master Fund maintains in respect of each Feeder Investor. The monthly Management Fee attributable to a Feeder Investor is one-twelfth of a “*Management Fee Rate*” applied to the balance in the related Master Fund memorandum account as of the beginning of the relevant month. If, a Feeder Investor invests on a date other than the first day of a month, the Master Fund will pay us a prorated Management Fee as to that investment.

The Management Fee Rate is generally 1.5% *per annum* but certain early Feeder Investors will acquire “*Founders Shares*” (in the Offshore Feeder) or “*Founders Interests*” (in the U.S. Feeder) referred to together as “*Founders Investments*,” and will, as part of the “*Founders Terms*” on which those Founders Investments are issued, be subject to a lower Management Fee Rate. That rate may vary from month to month, depending upon the aggregate net assets we manage using the Funds’ investment strategy as of the beginning of the quarter in which the relevant month falls, as more fully described in the Feeders’ Offering Memoranda.

While these Management Fees are not generally negotiable, we may vary them as to particular Feeder Investors by separate agreement, without notice to the other Feeder Investors. We intend to waive those fees for FBCM’s and the General Partner’s own capital invested in the Funds, as well as for our affiliates, employees, owners, their family members, and certain others.

For our services to the SPC, FBCM is entitled to asset-based compensation from each segregated portfolio of the SPC in connection with its management of that segregated portfolio. The term of the compensation

applicable to a particular segregated portfolio will be described in the supplement related to that segregated portfolio.

We expect to receive asset-based fees from Separate Account Clients calculated on a basis similar to the basis used for the Funds, at rates set forth in the relevant investment management agreements.

Performance-Based Profit Allocation

The General Partner will be entitled to, in effect, share in the net appreciation of each Offshore Feeder share and U.S. Feeder limited partner interest (each, a “*Feeder Investment*”) through a special allocation (an “*Incentive Allocation*”) of a portion of the Master Fund’s net profits (which include both realized and unrealized gains and losses, as well as net income and expenses) that would otherwise be allocated to the relevant Feeder (and, through that Feeder, to the Feeder Investor). Incentive Allocations will be subject to a “loss carryforward” procedure (also referred to as a “high water mark” procedure) under which an Incentive Allocation will be made as to a Feeder Investor only to the extent the increases in the value of that Feeder Investor’s Feeder Investment at the relevant time exceed prior reductions in value (adjusted for withdrawals or redemptions). Once made, an Incentive Allocation will not be reduced by losses incurred in later periods.

Incentive Allocations will generally equal 20% of the appreciation in the relevant Feeder Investment for the relevant period (which will reflect the effects of Management Fees and other expenses), subject to the “loss carryforward” procedure described above. However, for Founders Investments, the Incentive Allocation rate is 15%. The Master Fund generally will make Incentive Allocations at the end of each calendar year and upon a Feeder Investor’s redemption or withdrawal (as to the amount redeemed or withdrawn).

The General Partner may agree with a Feeder, the Master Fund, and particular Feeder Investors to waive or reduce Incentive Allocations as to those Feeder Investors. The General Partner intends to waive Incentive Allocations for itself and its constituent partners, affiliates, and employees, family members of the foregoing, and certain others.

FBCM will be entitled to received performance-based compensation from each segregated portfolio of the SPC in connection with its management of that segregated portfolio. The term of the compensation applicable to a particular segregated portfolio will be described in the supplement related to that segregated portfolio.

We expect Separate Account Clients to provide us with performance-based compensation or profit sharing on terms similar to the terms described above, although specific terms, including rates, will be determined separately for each Separate Account Client.

“Designated” Investments

Circumstances could arise in which the Master Fund would treat an existing asset as a “*Designated Investment*,” resulting in, among other things, changes to the calculation of Management Fees and Incentive Allocations by the Master Fund.

Management Fees. In calculating Management Fees, the Master Fund would value Designated Investments at the lower of the values at which it carried them immediately before they became Designated Investments or the fair market values at the relevant Management Fee calculation date. If a Feeder Investor were to redeem or withdraw capital at a time when that Feeder Investor has an interest in one or more Designated Investments, because the investor may not withdraw/redeem amounts attributable to Designated

Investments, the Master Fund could establish a reserve against the redemption/withdrawal proceeds to pay the estimated future Management Fees in respect of the Feeder Investor's interest in those Designated Investments. If the Master Fund were to do so, and the reserve were depleted before the Designated Investments are liquidated (or cease to be Designated Investments – a “*Valuation Event*”), the Master Fund would remain obligated to pay the Management Fee as to the withdrawn/redeemed amounts on whatever terms and through whatever arrangements the General Partner considers appropriate, provided the economic burden of those terms and arrangements is: (i) in effect borne by the redeeming/withdrawing Feeder Investor; and (ii) no worse for the redeeming/withdrawing Feeder Investor than current payments out of the reserve would be if the reserve were larger.

Incentive Allocations. The Master Fund generally will not consider increases in the value of any Designated Investment in calculating Incentive Allocations until the first Incentive Allocation Time following a Valuation Event as to that Designated Investment. However, it will consider declines in the fair value of a Designated Investment (to the extent they reduce the fair value below its lowest previous value) in making those calculations and in determining loss carryforward amounts (if applicable).

Other Expenses

The Funds will bear their organizational costs as well as the costs involved in offering Feeder Investments. They will also bear costs arising out of their operations. They may pay those costs directly, or we may advance costs and be reimbursed by the Funds. We expect the Master Fund to pay costs on behalf of each Feeder and, to the extent costs relate specially to a particular Feeder, to allocate those costs to the Feeder. If a particular cost were to relate to the Master Fund, the SPC and Separate Account Clients, we would allocate the cost among the Master Fund, the SPC, and those clients in a manner we consider equitable to all accounts. The Feeders are subject to an expense “cap” described below.

Types of Costs. The costs the Funds bear will typically include, but will not be limited to:

- brokerage commissions and other transaction-related compensation and charges arising out of transactions involving Fund assets, including outsourced trading costs;
- interest and borrowing charges on securities sold short and margin and other borrowings;
- custodial and bank service fees;
- costs of systems, facilities, and third-party services for order placement, order management, and clearance and settlement functions;
- costs directly related to researching, acquiring, holding, and/or monitoring and administering the Funds' investments and potential investments, including (A) costs of third party investigative, analytical, and/or reporting services; (B) costs of systems and services for modeling, testing, and managing research and for other analysis of portfolio construction, attributes, and/or risks (including portfolio management systems); (C) costs of proxy voting research and administration; and (D) costs of attending or participating in research-related symposia and conferences, membership on creditors' or equity-holders' committees (both formal and informal), and participating in deliberations and negotiations regarding the Funds' investments (including as to any of the foregoing activities, costs of travel, accommodations, and meals incurred in connection with those activities);
- costs of quotation, computerized news, pricing, and/or statistical services or software;

- auditing, accounting, third-party-administration, bookkeeping, tax preparation and reporting, legal, and other professional fees and costs (including fees and costs paid to our counsel for services relating to the Funds' legal affairs);
- fees and costs in connection with any lawsuits, arbitrations, or other controversies (whether pending or threatened) and in connection with, among other things, the Funds' indemnification obligations owed to us and our affiliates;
- costs of the Funds' and their affiliates' registration and filings with and licensing by governmental and self-regulatory organizations and costs associated with regulatory and other filing and reporting requirements by the Funds (including Schedules 13D or 13G and Forms 3 and 4);
- transfer, withholding, income, stamp, and other taxes and duties;
- costs of directors and officers, errors and omissions, general liability, and other types of insurance maintained by us or the Funds, including bonding costs under the Employee Retirement Income Security Act of 1974 ("*ERISA*"), if applicable;
- costs of reporting and of making information available to the SPC and the Feeders' Investors, and costs of investor meetings and other governance activities;
- fees of the SPC and Offshore Feeder directors that are unaffiliated with us and reimbursable expenses of directors; and
- all other costs related to the Funds' operation or to the purchase, sale, or transmittal of the Funds' assets.

The Funds' assets will be held through "prime brokerage" arrangements with certain brokerage firms or banks and through custodial arrangements that do not involve brokerage services. The Funds will pay custodial fees to its non-prime broker custodians. While we also expect the Funds to pay custodial fees to its prime brokers under some circumstances, we expect the Funds to compensate prime brokers for the range of services they provide, including custodial services, primarily through interest on credit balances, margin borrowings, and stock loans and through brokerage commissions. Custodians (including prime brokers) or their affiliates may also be counterparties to the Funds swap and other derivative transactions and may receive compensation for those activities.

For a more detailed discussion of brokerage and transaction costs, *see* "Item 12: Brokerage Practices."

The Master Fund's limited partnership agreement, in effect, limits the percentage of each Feeder's net assets that the Master Fund will devote to certain types of expenses on each Feeder's behalf ("*capped expenses*") in any month; it provides that the General Partner or its designee (such as FBCM) will pay the amount by which the actual capped expenses for each Feeder for a month exceed the specified percentage. The agreement also provides that if the General Partner (or we) pay such excess amounts and, in later months, a Feeder's actual capped expenses are less than the specified percentage of that Feeder's then-current net assets, the Master Fund will reimburse the General Partner (or us) on the Feeder's behalf, to the extent doing so will not cause those later months' capped expenses for the Feeder to exceed the specified percentage in the payment month. The details of these expense cap arrangements are described in the Master Fund's limited partnership agreement and the Feeders' Offering Memoranda.

Overhead. We provide personnel, office space, utilities, and other basic "overhead" facilities and services necessary to provide our services. Clients will not reimburse us for doing so, except to the extent the Funds'

payment or reimbursement of the operating expenses described above may be considered such reimbursement.

Prepayment of Fees

As noted, the Funds will pay our Management Fees monthly in advance. Feeder Investors generally may only redeem or withdraw capital as of the end of a quarter. As a result, there generally will be no prepaid fees upon a redemption/withdrawal. However, if a Fund were to permit a mid-month redemption/withdrawal, we would not be required to refund any portion of our management fee for that month.

Item 6. Performance-Based Fees and Side-by-Side Management

As noted, the General Partner and FBCM receive “Incentive Allocations” from the Funds. The prospect of the General Partner and FBCM receiving those allocations could give us an incentive to engage in more speculative investment strategies to maximize gross profits than we would have in the absence of the Incentive Allocation arrangements.

We currently do not manage any accounts that do not provide for performance-based profit allocations. While we have the right to waive Incentive Allocations as to particular Feeder Investors, we manage the Master Fund’s assets as an undivided pool, so any such waiver would not create incentives to favor any particular Feeder Investor over another. While we expect arrangements with Separate Account Clients to include performance-based compensation on terms and at rates similar to those applicable to the Funds, those terms and rates may vary and such variations could, in some circumstances, provide us with an incentive to favor accounts that pay us higher compensation under current conditions. We will adopt procedures to address that incentive and the related conflict of interest if the compensation arrangements with Separate Account Clients give rise to that incentive.

Item 7. Types of Clients

We currently provide investment advice only to the Funds, not to Feeder Investors (or to the Feeders themselves).

The Funds are privately offered investment funds that are not regulated under the U.S. Investment Company Act of 1940 because of Sections 3(c)(1) and 3(c)(7) of that Act. Each Fund imposes minimum investor qualification standards and minimum investment requirements. The SPC and Feeder Investors may include banks, pension and profit-sharing plans, sovereign wealth funds, endowments, foundations, funds of funds, and corporations or other business entities. The General Partner (as to the U.S. Feeder), FBCM (as to the SPC), or the Offshore Feeder’s Board of Directors may reduce or waive the minimum new investment requirements for a Feeder or a segregated portfolio and they intend to waive those requirements for FBCM, the General Partner, FBCM’s affiliates, employees, and owners, those employees’ and owners’ family members, and certain others.

We expect to enter into investment management agreements with a limited number of Separate Account Clients (which may include family offices, funds of funds, endowments, pension funds, and similar investors) to pursue essentially the same strategies as the Funds. We have no specified eligibility requirements or minimum account size but expect any such arrangements to involve amounts well in excess of the minimum investment levels for the Feeders.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

FBCM has broad and flexible investment authority, but its primary method is investing in a concentrated portfolio of equity, equity derivative, and debt securities, opportunistically deploying capital to exploit catalyst-driven situations such as corporate transactions and other special events. This strategy is based upon the analytic approach and the many years of experience in mergers and acquisitions, bankruptcy, and mezzanine finance of our principal, Steven Pigott.

Our principal strategy is catalyst-driven investing in global equity markets across the capital structure. We seek to identify securities that, at current valuations, will either positively or negatively benefit from certain complex, non-fundamental corporate catalysts. Examples of these catalysts include: mergers and acquisitions (both hostile and distressed); corporate tender offers; spin-offs and split-offs; re-financings; and other corporate restructurings. They may also include regulatory, legislative, or legal issues, proxy contests, activist situations, and other capital markets issues (e.g., orphan securities). We will make both arbitrage and relative value investments to exploit these catalysts.

We will employ a “bottoms-up” approach to investment selection. Based on various quantitative screening methodologies discussed below, we will identify securities that are fundamentally mispriced and catalysts that can unlock value. Investments will be opportunistic and will not follow a market benchmark. While some may be motivated by thematic activities within a given sector and/or transactional trends, we will select each on the basis of its individual attractiveness. We will employ a due diligence process that evaluates both the fundamental and non-fundamental aspects of an investment, the potential catalyst, and the progress and development of that catalyst, including its interim milestones. We believe this evaluation will enable us to identify and exploit multiple volatility-driven profit opportunities surrounding a target catalyst and its expected outcome.

Although our primary focus will be on common equities listed on global public markets and their derivatives, we may opportunistically invest across the capital structure in all types of securities, financial instruments, and markets. Equity securities may include both common and preferred stocks, both publicly and, to a lesser extent, privately issued securities. We may also invest in exchange-traded funds (“ETFs”), including commodity- and/or fixed-income-oriented ETFs, in addition to closed-end investment companies, subject to regulatory limitations. Debt securities, a secondary focus, may be publicly or privately issued, straight or convertible debt, and occasionally non-investment grade corporate instruments. Derivative instruments may include simple instruments, such as options and warrants (either standardized or custom, on individual securities or security indices), and more complex derivatives, such as equity swaps, credit default swaps, and other notional principal contracts. These instruments will be used primarily to enhance returns, hedge positions, and manage risk; we generally will not write “naked” call or put options.

We may cause accounts to sell securities short, either directly or through derivatives, for hedging and non-hedging purposes and to employ leverage, including by purchasing securities on margin, engaging in securities lending activities, and entering into repurchase agreements.

Subject to certain restrictions and regulatory requirements, and as discussed below, we may cause accounts to acquire certain securities with the intention of influencing the issuer’s management.

On occasion, we may cause accounts to make investments in special situations, such as mezzanine or high yield debt. We may also make other opportunistic investments that fall outside of our principal, catalyst-driven investment strategy.

The investment strategies summarized above represent our current intentions, are general in nature, and are not exhaustive. We may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above, as described in the Feeders' Offering Memoranda and the Supplement related to a particular segregated portfolio of the SPC. Depending on conditions and trends in securities markets, we may pursue other strategies or use any techniques that we consider appropriate for our clients' interests.

Risk of Loss

The following is a summary of some of the material risks associated with our investment strategies. As a summary, it is inherently incomplete and does not attempt to describe all of the risks associated with those strategies.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk.

We cannot and do not guarantee or provide any assurances that our investment activities will be successful. As with any investment, a Feeder Investor, a SPC Investor or Separate Account Client could lose some or all of his or her or its investment. A Feeder Investment, a SPC Investment, or separate account arrangement, is not a complete investment program and, if you invest, that investment should represent only a portion of your overall asset management strategy.

General Investment Risks

Market Conditions and Disruptions; Interconnected Markets. Developments and disruptions in financial and securities markets generally, including due to factors including interest rates, credit availability, the liquidity of particular types of investments, and changes in general economic conditions, can significantly affect the prospects of companies in which we cause accounts to invest, our ability to assess those prospects, and our ability to adapt portfolios and market exposures. Market disruptions could cause major losses, particularly if they cause historical pricing relationships to become materially distorted or previously liquid positions to become illiquid. Market disruptions can result in otherwise historically low-risk strategies performing with unexpected volatility and risk.

Counterparty and Custody Risk. Our clients, including the Funds, must place most of their assets in the custody of institutions, such as brokerage firms and banks, which may hold those assets on the books of depositaries and other intermediaries in the institutions' own name (*i.e.*, in "street name"). These firms, and/or other brokers, counterparties, clearinghouses, or exchanges with which a client deals, could default on their obligations to clients, causing material losses. Bankruptcy or fraud at one of these institutions could impair accounts' operational capabilities or capital position. Holding arrangements could expose accounts to credit risk with regard to custodians or brokers. The collapse in 2008 of the seemingly well-capitalized and established Bear Stearns and Lehman Brothers demonstrates that counterparty losses are not merely theoretical.

Reliance on Technology; Cybercrime. We will rely heavily on computer hardware and software, online services, and other computer-related or electronic equipment, networks, and technology to facilitate clients' investment activities and to conduct their business. Custodians and counterparties, including exchanges and clearinghouses, also rely critically on such systems and technologies. Should events such as computer data theft, "worms," viruses, other cyber-attacks, and/or power failures cause disruptions in the operation or failure of any of those systems or technologies, a client may experience losses, liabilities, or other adverse effects.

Risks Arising from Broad Discretion and Dependence on FBCM

We will have very broad discretion to invest, reinvest, and otherwise manage clients' assets. An account's prospects depend upon our ability to develop and to implement successful investment strategies. The following describes some of the risks that arise from relying on an investment adviser with such broad discretion and on us in particular.

Investment Selection; Subjective Judgment. We will select investments for an account based on our analysis and subjective assessment of a wide variety of factors we consider relevant. Failures of that analysis or those assessments, for particular investments or for strategic direction and construction of a portfolio as a whole, may cause losses or missed profit opportunities. Areas in which potentially subjective judgment may be particularly important include the following:

- *Market Judgment.* Our personnel will apply judgment as to overall market conditions and directions as a core part of implementing investment strategies at any particular time. The greater the role such judgment plays during any particular period, the more unpredictable and inconsistent a trading strategy is typically expected to be.
- *Fundamental Analysis.* Fundamental analysis is subject to, among other risks, inaccurate or incomplete market information, faulty analysis of known information, market discounting of prices indicated by fundamental analysis (as with "flights to quality" when demand for risky investment instruments plummets), or technical factors, such as price momentum encouraged by trend following, dominating markets.
- *Risk Management.* While we attempt to identify, measure, and monitor risks associated with investment activities, we may fail to identify or anticipate a wide variety of risks that may adversely affect accounts. Hedging or other risk mitigation techniques we employ may not have the desired effects.

Reliance on Key Personnel. Account performance will depend heavily on the skill, judgment, and expertise of Steven Pigott and our other personnel. The death, disability, departure, or other unavailability of Mr. Pigott or any other key personnel could have a material and adverse effect on account performance.

Limited Operating History. The Funds and FBCM are newly-formed entities and have no operating history of their own. Prior investment performance of our key personnel does not necessarily indicate prospects for profitability.

Investment Concentration. Concentration is part of our strategy; we expect accounts may at times have a relatively large portion of their capital exposed to a relatively small number of positions and/or a particular industry. Losses in one or more large positions, or a downturn in an industry in which accounts are concentrated, could materially adversely affect performance and an account's overall financial condition.

Conflicts of Interest. In managing client accounts, we may face conflicts between our interests and the accounts' interests, arising from, among other things, the nature of an account's activities and common business practices (e.g., relationships with brokerage firms and other service providers) or our other activities, such as managing multiple accounts and personal and proprietary investing.

Inside Information; Substantial Positions. We may receive material nonpublic information relating to security issuers in which our accounts invest. This could restrict our ability to cause accounts to buy or sell securities for substantial periods when doing so could generate a profit or avoid a loss. Acquiring more

than certain percentages of some issuers' outstanding securities could subject accounts to public reporting requirements and, in some cases, legal and regulatory limits on disposition of those securities.

Difficulty Locating Attractive Investments. Identifying, completing, and realizing gain on attractive investments is a highly competitive activity and involves significant uncertainty. We will compete for investments with other investment vehicles, as well as financial institutions and other institutional investors.

Risks Arising from Particular Activities or Types of Securities

Event-Driven Strategy Risks. Our investment strategies involve making investments in companies we believe are likely to be subject to significant transactions outside of the ordinary course of business (e.g., restructurings, spin-offs, mergers, or other reorganizations). We will seek to make "event-driven" investments (long or short) in the securities of issuers we believe are likely to be subject to significant transactions, on favorable terms, and based on our analysis of the range of possible outcomes of those transactions and their relative probabilities. By their nature, these investments are subject to widely disparate outcomes: while a favorable resolution of a particular transaction can result in significant gains, a negative resolution can result in significant losses. The ultimate resolution of a particular transaction (or changes in the market's perception of how a particular transaction will ultimately be resolved) could trigger material and abrupt adjustments to the value of an account's investments.

Equity Securities. We will invest accounts in equity and equity-related securities. Equity securities fluctuate in value in response to many factors, including the activities, results of operations, and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates, general economic environments, and events such as domestic and international political instability, terrorism, and natural disasters.

Investments Based on Valuation. We will invest accounts in securities we believe are undervalued and may sell short securities we believe are overvalued. Identifying investment opportunities of these kinds is a difficult task and we will not always succeed at it. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. An account may be required to hold positions for a substantial period before market prices reflect our beliefs about their value.

Small and Medium Capitalization Stocks. We will invest accounts in stocks of companies with relatively small-or medium-sized market capitalizations. While we believe these stocks can provide significant potential for appreciation, they can involve higher risks than investments in stocks of larger companies, including higher volatility and less liquidity.

Leverage of Client Portfolio Companies. Account investments will include securities of companies with leveraged capital structures, which could be subject to increased exposure to adverse economic factors such as an increase in interest rates, a downturn in the economy, or further deterioration in the economic conditions of the company or its industry.

Short Selling. We expect to cause accounts to sell securities they do not own (sell short), in the expectation that the market price will decline and the accounts will then be able to replace the securities borrowed in order to make short sales at a lower price. A short sale theoretically involves the risk of unlimited loss; the price at which an account must replace borrowed securities could increase without limit.

Short selling is politically controversial. Changes in short-selling-related regulations could occur with little notice and could adversely affect existing short positions, an account's ability to close existing positions, and/or an account's ability to use short selling as a part of its overall investment activities.

Hedging. We may cause accounts to use hedging strategies. While such strategies in general are intended to limit or reduce investment risk, they involve transaction costs and may inherently limit or reduce the potential for profit. Because they are often imperfectly inversely correlated with the underlying exposure sought to be hedged, they can subject an account to additional risk if prices involved in the hedging position move against the account. Other hedging-related risks include: (i) possible illiquidity in the market for closing out a hedging position; (ii) unanticipated interest rate, spread, or other broad market movements; (iii) margin or other payment requirements; and (iv) impacts of required segregation of an account's assets to cover hedge-related obligations.

Client Portfolio Leverage. Accounts may employ leverage, which could increase both the possibility for profit and the risk of loss. Liquidation forced by a leverage provider could have extremely adverse consequences, including sales at disadvantageous times and/or prices.

Options. We may cause accounts to trade options, which is highly speculative and may entail risks greater than investing in other securities. As option prices are generally more volatile than other securities' prices, a change in the market price of securities or indices underlying an option can cause a much greater change in the price of the option contract.

Risk Arbitrage. Risk arbitrage, or "merger arbitrage," techniques, which we may cause accounts to employ, involve special risks beyond general risks of market behavior and currency fluctuations, including "deal risk" – the risk of non-consummation of the transaction. A number of factors may contribute to that risk.

Active or Suggestive Investing. We may communicate with a security's issuer in an attempt to influence the issuer's decisions or strategies and enhance the value of accounts' investments. Our efforts may be ineffective for a variety of reasons, including: (i) opposition by the issuer's management or shareholders; (ii) "preemptive" defensive efforts by the issuer, including a merger with, or a friendly tender offer by, another company; (iii) material changes in securities prices; (iv) intervention by a governmental agency; or (v) the issuer's corporate governance mechanisms. Even if our efforts succeed, market reactions may not reward our efforts, particularly if accounts' positions in the issuer are material relative to other security holders.

Timing of Gains and Losses; Volatility. Accounts may need to hold some positions for significant periods before their success or failure becomes apparent or any gains can be realized. It may take longer for successful positions to realize their potential than for unsuccessful ones to reveal their weaknesses. Market prices of client portfolio positions may be expected to fluctuate significantly over these holding periods, causing performance to be volatile over the short term.

Debt Instruments. We may cause accounts to invest in debt or other fixed-income instruments, including bonds and debentures. Particular types of debt instruments are subject to various risks that are specific to the ways in which they are structured, the industries and markets in which their issuers participate, the assets underlying the instruments, the impact of applicable tax or regulatory factors, and numerous other specific factors. The values and prices of all debt instruments are subject, in substantially the same way (albeit with differing levels of sensitivity), to credit risk, market risk, and interest rate risk.

Distressed Investments. We may cause accounts to invest in "distressed" securities – obligations of issuers that are experiencing significant financial or business difficulties. Investments may include loans, loan participations, trade claims held by trade or other creditors, stocks, partnership interests, and similar financial instruments, executory contracts, and options or participations therein not publicly traded. Accounts could lose all or a substantial portion of their investment in a distressed situation.

Special Situations. We expect that among accounts' distressed securities investments will be companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, or other catalytic changes or similar transactions. These types of situations present the risk that the contemplated transaction either will be unsuccessful, will take considerable time, or will result in a distribution of cash or a new security with a value less than the relevant purchase price. If an anticipated transaction does not occur, an account may be required to sell its investment at a loss.

Limited Liquidity of Investments. Some investments made by client accounts may be relatively illiquid, possibly because they are thinly traded or because our accounts' position is large in relation to the overall market for the security. Accounts may not be able to liquidate illiquid positions if the need were to arise; rapid sales of such securities could depress the market value of those securities, reducing profits, or increasing losses, in the positions (and rapid purchases to cover short positions could have the corollary effect).

Redemptions or withdrawals funded out of the most liquid portion of an account's assets could cause the illiquid portion to be a greater portfolio percentage than we would otherwise deem optimal.

Trading Errors. Trading inevitably entails the risk of errors in order placement and execution. Accounts may engage in trading that is, at times, rapidly executed and may rely on computer code, software, hardware and modes of transmission. These activities may increase the risk of trading errors. Accounts will bear the burdens, and enjoy the profits, from any trading errors, unless those errors constituted disabling conduct (defined as an act or an omission that constitutes gross negligence or willful misconduct) by FBCM.

Fund Risks

The Funds' structure and the arrangements among the Funds, the Feeder Investors, the General Partner, and FBCM involve certain risks, including the following.

Limited Liquidity. An investment in a Feeder Investment will be illiquid. There will be no public market for Feeder Investments and Feeder Investors' ability to transfer Feeder Investments will be very limited. Further, redemptions and withdrawals from the Feeders are subject to limitations. Among other things, they may occur only at calendar-quarter ends, will be subject to percentage limits on how much a Feeder Investor may withdraw/redeem at any quarter-end, and will be subject to a withdrawal/redemption charge during the first four calendar quarters after the amounts withdrawn/redeemed were invested. Founders Investments are subject to more restrictive withdrawal/redemption terms. If the Master Fund were to designate any of its assets as Designated Investments, Feeder Investors would not be able to withdraw/redeem capital attributable to those assets until Valuation Events occur. The Master Fund or the Feeders may suspend withdrawals/redemptions under certain limited circumstances and may pay withdrawal/redemption proceeds in kind subject to certain conditions and limitations.

Generally, the shareholders of the SPC will not be entitled to redeem their shares voluntarily. The SPC generally intends to compulsorily redeem the outstanding shares of a segregated portfolio as soon as reasonably practicable after "realizing" that portfolio's investments. This procedure, including timing of payment of redemption proceeds, will be described in the Supplement related to a particular segregated portfolio.

Valuation. We value most marketable securities and other instruments based on prices reported in the public markets. However, where third-party pricing of an asset is not readily available, we will have significant discretion regarding valuation. Where we consider market-based pricing information not to be indicative of the position's value, the Master Fund may assign a different (less favorable) value. As a result of these and other factors, values reflected in financial reports and used in determining the Feeders'

Investors and the SPC's shareholders' sharing percentages, redemption proceeds, the Management Fee, and Incentive Allocations might not accurately reflect the amounts the Funds could obtain (or would be required to pay as to some types of derivatives positions) if it were to try to sell the security (or close the position). FBCM faces conflicts of interest in making valuation decisions.

Tax Risks

Depending on their own tax situations, particular investors may be subject to tax consequences that they may consider adverse. Feeder Investors must consult their own tax advisers.

Item 9. Disciplinary Information

FBCM and its management personnel have not been involved in any legal or disciplinary events in the past ten years that would be material to a Feeder Investor, a shareholder of the SPC's, or a prospective client's evaluation of FBCM's advisory business or management integrity.

Item 10. Other Financial Industry Activities and Affiliations

Neither FBCM nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a broker-dealer's registered representative.

FBCM and the General Partner rely on certain exemptions from registration as commodity pool operators or commodity trading advisers pursuant to the U.S. Commodity Exchange Act and rules promulgated thereunder.

FBCM provides administrative and discretionary investment management services to the Feeders, the Master Fund. We are also the Offshore Fund's "sponsor." The General Partner serves as the Master Fund's and the U.S. Feeder's general partner. The master-feeder structure reduces some conflicts of interest but can give rise to others. The structure is described in detail in the Feeders' Offering Memoranda.

FBCM and its employees do not have any relationships or arrangements with other financial services companies that can pose material conflicts of interest.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Fort Baker has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Advisers Act. All "access persons" (including employees, managers and officers) of Fort Baker must comply with the Code. The Code sets forth standards of conduct expected of Fort Baker's personnel, which reflect the fiduciary obligations of Fort Baker and its personnel to the Funds and requires Fort Baker's personnel to comply with applicable federal securities laws. The Code also requires any employee of Fort Baker to report potential violations of the Code promptly to the Chief Compliance Officer ("CCO"). Fort Baker provides each employee with a copy of the Code and any amendments, and employees are required to provide a written acknowledgement that they have received the Code, as amended from time to time, upon hire and no less than annually.

Under the Code, access persons must generally obtain prior approval before investing in a private offering. In addition, access persons must submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code. The Code further requires personnel to submit, on a quarterly basis, transaction reports (or brokerage statements) that detail the individual's securities transactions during the applicable period, and for the CCO to review those reports. Finally, the Code also contains restrictions on the use of insider information and non-public information regarding the Funds.

Fort Baker keeps records of reports and other information that access persons are required to provide under the Code. The CCO reports on issues that arise under the Code to Fort Baker's senior management as they occur. Limited Partners and prospective investors can obtain a copy of the Code upon request by contacting Fort Baker by telephone at (415) 306-5512 or by email at wcheng@fortbakercapital.com.

Item 12. Brokerage Practices

FBCM has complete discretion in deciding what brokers, dealers, and other financial intermediaries and counterparties to use for client portfolio transactions (collectively, "*Transacting Parties*"). We also have complete discretion to negotiate compensation arrangements and transaction terms with Transacting Parties, including not only commissions for transactions effected on any agency basis, but also markups, markdowns, and other compensation implicit in prices of transactions effected directly with Transacting Parties acting as principal. The following describes some noteworthy aspects of our use of, and relationships with, Transacting Parties.

Selection Criteria

In choosing Transacting Parties, we are not required to consider any particular criteria. We generally seek "best execution" of our clients' transactions. However, what constitutes "best execution" and determining how to achieve it are inherently uncertain. We typically consider a range of factors, including: historical net prices (after markups, markdowns, and other transaction-related compensation); Transacting Parties' execution, clearance and settlement, and error correction capabilities generally and in connection with instruments of the type and in the amounts to be bought or sold; their willingness to commit capital; their reliability and financial stability; the size of the transaction; the availability of securities to borrow for short sales; the market for the instrument in question; and the nature, quantity, and quality of research and other services and products the Transacting Party provides. Clients may pay more than the lowest transaction cost available in order to obtain services and products other than the execution of securities transactions.

Use of Soft Dollars

When a Transacting Party provides products or services beyond transaction execution, or pays for them, we are said to have acquired those services or products with "soft dollars." Section 28(e) of the U.S. Securities Exchange Act of 1934 (the "*Exchange Act*") provides that doing so is not a breach of fiduciary duty if the services and products are "research" and "brokerage" services and products and certain other conditions and requirements are met. To be protected by Section 28(e), we must, among other things, determine that commissions paid are reasonable in light of the value of the "brokerage" and "research" services and products acquired. Section 28(e) protects our use of soft dollars for "research" and "brokerage" services and products even when those services or products benefit multiple clients.

In using soft dollars, we have an incentive to cause accounts to pay higher compensation, use different Transacting Parties, and effect more transactions than we might otherwise do, possibly at accounts'

expense. We may use soft dollars for a wide range of services and products and the Funds' agreements do not limit soft dollar activities to those that are protected by the Section 28(e) safe harbor. However, we generally intend (and, during any period in which a client's assets constitute "plan assets" under ERISA, are required) to use clients' soft dollars only to acquire services and products that constitute "research" and "brokerage" within the meaning of Section 28(e) or for which the client's constituent documents obligate the client to pay.

"Research" we may acquire with soft dollars includes: reports on or other information about particular companies or industries; economic surveys and analyses; recommendations as to specific securities; financial and industry publications; portfolio evaluation services; financial database software and services; computerized news, pricing, and statistical services; analytical software and services; proxy analysis services and systems; quotation services; and other products or services that may enhance our investment decision-making. "Brokerage" services and products beyond "actual" execution may include computer systems and facilities (including hardware) used for such things as communicating orders and settlement-related information electronically to executing Transacting Parties, post-trade matching of trade information, communicating allocation instructions, and other clearance and settlement functions.

We may cause the Funds to use soft dollars to pay Fund-related accounting and other ongoing expenses and to reimburse us for Fund expenses we have advanced. The Funds could also use transaction-related compensation (as well as interest prime brokers receive on cash balances, margin borrowings, and borrowings of securities to maintain short positions) to pay a prime broker for recordkeeping, custodial, and related services. We generally believe we would not have the same conflict of interest in selecting a Transacting Party in recognition of that party's payment of these kinds of expenses that we would have in using soft dollars to acquire services for which the Master Fund would not otherwise be obligated. However, payment of Fund expenses in this way could make it more difficult for Feeder Investors to evaluate the Funds' expense levels and structure, as expenses paid in this way would not be broken out in the Funds' financial statements and could reduce expenses that we might otherwise bear as a result of the expense cap arrangements described in Item 5: "Fees and Compensation."

We may choose a Transacting Party in recognition of referrals of investors, including investors in other accounts (including use of prime broker capital introduction services), referrals of advisory clients, or the potential for future referrals. To the extent we would otherwise be obligated to pay for these referrals, this practice would present a conflict of interest. Even without that obligation, we would face a conflict because it benefits from increases in the Funds' size.

Cross Transactions

We may (but will not be obligated to) cause the Funds and other clients to effect "cross" transactions with each other (*i.e.*, buy and sell securities from and to each other). Subject to applicable law or regulation, we may do so if we believe that the cross transaction will be beneficial to both parties.

Aggregation of Orders

We may combine the Master Fund's orders with the orders for the SPC. When we do, we will generally allocate the purchases or proceeds arising out of those transactions (and the related transaction expenses) on a pro rata basis between the two investment entities on the amounts of targeted exposure of each investment entity and an average price basis. We believe combining orders in this way will, over time, be advantageous to all participants. However, the average price could be less advantageous to an account than if the account had been the only account effecting the transaction or had completed its transaction before the other participants.

We may place orders for the same security for accounts at different times and in different relative amounts due to, among other things, differences in investment objectives, cash availability, order size, and practicability of participating in “block” transactions. The level of participation by accounts in the same security may also depend on other factors relating to the suitability of the security for the particular account. In instances where a determination is made to allocate trades in a non-pro rata manner, FBCM will document the reason for the non-pro rata allocation. The Chief Compliance Officer will review any non-pro rata allocation to ensure that all investors are being treated in a fair and equitable manner.

Directed Brokerage; Prime Brokerage

We do not have any “directed brokerage” arrangements with the Funds. While not “directed brokerage,” the Funds may pay a portion of the Funds’ costs using soft dollars. In particular, the Funds obtain custodial, clearing, and related services through what is known as a “prime brokerage” arrangement. By using brokerage firms for these functions, the Funds may pay lower custodial fees than it would pay banks that do not provide prime brokerage services. Prime brokers are compensated through brokerage commissions, interest on credit balances, margin borrowings, and stock loans. Although we dictate the Funds’ choices, the Funds might be thought of as “directing” us to place transactions with a prime broker in order to pay for custodial, clearing, and related services it obtains from the prime broker.

A prime broker may provide services to us and/or our affiliates, distinct from the custodial, lending, and related services the prime broker provides the Funds and other clients. These services may include, among other things, information technology, website hosting, portfolio management software license and support services, consulting services with respect to various aspects of our business and introducing us to prospective investors and prospective advisory clients in the Funds and other accounts we manage. They may be provided at lower than the market price for similar services or for no charge. A prime broker may also enter into financial transactions with us or our affiliates, and these transactions may be on terms more favorable than the terms available with other counterparties. These transactions might include lending money to us or our affiliates. To the extent we or our affiliates receive services from a prime broker at lower than market prices or enter into transactions on terms better than terms available in the market, because we are primarily responsible for selecting the prime broker or negotiating the rates of compensation paid to the prime broker, conflicts may exist between ours and our clients’ interests. We may have an incentive to cause an account to accept less favorable pricing for prime brokerage services (including interest and similar charges on margin borrowings and short positions) than might be available otherwise or to continue to use a prime broker when the Master Fund or another account would not otherwise do so. We believe the compensation the Funds and other accounts will pay the prime brokers will be reasonable and competitive with rates charged by other prime brokers for services of comparable quality.

Item 13. Review of Accounts

We will review each client portfolio daily as part of our ongoing portfolio management activities. Steven Patrick Pigott generally conducts those reviews.

We will not provide formal reports to the Funds. The Funds and the Feeders will prepare annual financial statements that it causes to be audited by an independent certified public accounting firm and will provide those statements, either directly or through its administrator, to its investors and, in the case of the Offshore Feeder, its board of directors. The Funds, through their administrator, will provide investors with monthly financial reports. The U.S. Feeder also will provide investors with Forms K-1 or other appropriate information to enable investors to prepare their income tax returns.

Item 14. Client Referrals and Other Compensation

We currently have no arrangement with any person or unaffiliated entity for referring clients to us or investors to invest in the Feeders or the SPC.

Item 15. Custody

FBCM is considered to have custody of the Funds' assets under to Rule 206(4)-2 under the Adviser Act (the "*Custody Rule*"). The Funds' assets are held by unaffiliated "qualified custodians" (as defined in the Custody Rule). Feeder Investors and shareholders of the SPC will receive monthly account statements and financial statements audited by an independent public accounting firm for the Fund(s) in which the investors have invested. Those audited financial statements will be distributed to the investors within 120 days of the Funds' fiscal year-end.

Item 16. Investment Discretion

We provide investment advisory services on a discretionary basis to the Funds. We have entered into investment management agreements with the Funds pursuant to which we will exercise discretion over the Funds' assets. We have entered into a "Sponsorship Agreement" with the Offshore Feeder that requires us to invest all of the Offshore Feeder's assets in the Master Fund, except for certain limited amounts of cash necessary to pay Offshore Feeder expenses and pay shareholders' redemption proceeds. The General Partner is party to the U.S. Feeder's limited partnership agreement, which similarly directs the General Partner to invest substantially all the U.S. Feeder's assets in the Master Fund. Our investment decisions and advice to the Funds will be subject to the Funds' investment objectives and guidelines, as set forth in the Feeders' Offering Memoranda and the Supplement related to a particular segregated portfolio of the SPC.

Item 17. Voting Client Securities

FBCM has adopted written proxy voting policies and procedures in accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940. In voting proxies for the Funds, we are guided by general fiduciary principles. Our goal is to act prudently and, in our clients', best interest. FBCM seeks to consider all positive and negative consequences its vote could have on the investment's value. When we vote proxies, we will do so in a manner that we believe will be consistent with efforts to maximize the Funds' positions' value. In its discretion, FBCM may choose not to vote on particular proxy.

If we encounter an identifiable conflict of interest with respect to a particular vote, with sufficient time before a vote, our Chief Financial Officer/Chief Compliance Officer, in consultation with our Chief Investment Officer, will determine how to vote the proxy consistent with the Funds' best interests and in a manner unaffected by the conflict of interest. We may opt for a voting procedure by which guidance is sought from outside legal counsel on matters involving a material conflict of interest.

FBCM does not direct clients' participation in class actions. Our Chief Compliance Officer, in consultation with our Chief Investment Officer, will determine whether to return any documentation inadvertently received regarding clients' participation in class actions to the sender or to forward that information to the appropriate clients.

FBCM, upon the request of any client, will provide such person with: (i) the Proxy Voting Policies and Procedures; and (ii) information about votes cast on behalf of the Funds. Investors can request such information by contacting Fort Baker at (415) 306-5512 or at wcheng@fortbakercapital.com.

Item 18. Financial Information

FBCM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds or other accounts.