

SCP Investment, LP Part 2A of Form ADV Brochure

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This brochure provides information about the qualifications and business practices of SCP Investment, LP (“SCP”). If you have any questions about the contents of this brochure, please contact us at (925) 253-1809. 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.

SCP is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training.

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

Item 2. Material Changes

This is SCP's initial ADV Part 2A.

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Item 4. Advisory Business

Firm History and Principal Owners

SCP Investment, LP (“SCP”) is a Delaware limited partnership that was founded in 2016 by Sanford J. Colen and Kara Dille. Its general partner and majority owner is SC Partners Investment, LLC a Delaware limited liability company owned principally by Mr. Colen. Mr. Colen is the Chief Investment Officer and portfolio manager of SCP, and Ms. Dille is its Chief Operating Officer and Chief Compliance Officer. As of January 1, 2017, SCP managed approximately \$239,593,510 million on a discretionary basis on behalf of three private investment funds, (the “Funds”) including SCP Investment Fund, LP, SCP Legacy, LP (the “Onshore Funds”) and SCP Investment Offshore, Ltd. (the “Offshore Fund”). SCP Legacy, LP and the Offshore Fund are “feeder” funds that invest substantially all of their assets in SCP Investment Fund, LP as the master fund

Services Provided

SCP only manages assets on a discretionary basis.

The Funds invest primarily in limited partnerships and other investment vehicles and accounts (“Investee Funds”) managed by professional investment managers (“Managers”) selected and monitored by SCP, but are authorized to enter into any type of investment transaction that SCP deems appropriate under the terms of the Funds’ governing documents.

The investors in the Funds have no opportunity to select or evaluate any Fund investments or strategies. SCP selects all Fund investments and strategies.

SCP does not participate in wrap fee programs.

Item 5. Fees and Compensation

Compensation to SCP is negotiable and varies but typically consists of the following:

Investment Management Fee

SCP typically charges an annual management fee of 0.9% of assets under management for SCP Investment Fund, LP and 1.3% of assets under management for the Offshore Fund. No fees are charged within SCP Legacy, LP; its investors pay 0.9% management fees to SCP Investment Fund, LP as the master fund.

The management fee is generally payable in quarterly installments at the beginning of the quarter based on the net market value of each investor’s account at the close of the market on the date the fee accrues and becomes payable.

Incentive Fee

SCP receives an incentive fee from the Offshore Fund of 6% of profits that exceed a high water mark. In addition, if an investor's profits above the high water mark exceed 15% of the net asset value of the investor's account, SCP receives an additional incentive fee of 4% of the amount by which those profits exceed such 15%. SCP complies with Rule 205-3 under the Investment Advisers Act.

The incentive fee is typically assessed in arrears on an annual basis, and is only applied to the portion of profits that exceed the cumulative losses previously allocated or incurred by the investor.

Fees are subject to waiver or reduction by SCP in its sole discretion and have been reduced for certain investors and reduced or eliminated for certain affiliates and employees of SCP and their family members.

General Information on Fees

SCP deducts its fees directly from client accounts.

The investors in the Funds also pay, indirectly, investment management fees and incentive fees to the managers ("Managers") of the Investee Funds in which the Funds invest.

Fees charged by SCP Investment Fund, LP are waived with respect to the Offshore Fund so that the Offshore Fund's investors do not pay two layers of fees.

SCP believes that its fees are competitive with fees charged by other investment advisers for comparable services. Comparable services may be available, however, from other sources for lower fees.

Investors should review the Funds' private placement memoranda and governing documents for a more detailed description of any applicable fees, incentive fees and expenses.

The disclosure in this Item 5, together with the disclosure in Item 12, allow a plan that is subject to the Employee Retirement Income Security Act of 1974 and that invests in a Fund of which SCP is the general partner, to use the "alternative reporting option" to report SCP's compensation as "eligible indirect compensation" on the Schedule C of the plan's Form 5500 Annual Return/Report of Employee Benefit Plan.

Termination

SCP's relationship with the Onshore Funds is terminable only on expiration of the term of the Fund(s), dissolution of the Fund(s), or SCP's withdrawal as a general partner. SCP's investment management agreement with the Offshore Fund is terminable by either party at any time on written notice. Investors in the Funds are able to withdraw from a Fund on the last business day of each fiscal quarter on 65 days' prior written notice, subject to a 2% withdrawal fee on withdrawals during the first 12 months after the investor's initial investment in the Fund.

In all cases, the pro rata portion of the management fee and incentive fee (in the case of the Offshore Fund) through the date of termination are charged to the investor. All prepaid but unearned advisory fees are refunded on termination of an account, but an investor who withdraws from a Fund on a date other than the last day of a quarter does not receive a refund of management fees previously paid.

SCP or a Fund may enter into side letters with certain investors that grant them rights that other investors do not have, such as: reductions of management fees and/or performance-based fees or allocations; special withdrawal rights; rights to receive reports that are more frequent or that include more information than those provided to other investors; special rights to make future investments in SCP Funds; and certain notice and consent rights.

Expenses

Each Fund is responsible for its own costs, which may include the following:

- (i) third-party legal and accounting fees and expenses associated with subsequent offerings and sales of interests in the Fund (including costs and expenses associated with creating any new class of interests, or otherwise changing the structure or any term of the Fund to accommodate any investor);
- (ii) trading costs and expenses (such as, for example, brokerage commissions and charges, expenses related to short sales, option premiums, clearing and settlement charges, custodial and service fees, and higher commission charges related to outsourced trading services);
- (iii) interest and commitment fees on loans and debit balances (on margin or otherwise) and other obligations of the Fund;
- (iv) due diligence costs and expenses (including research conference fees) associated with investigating securities markets or issuers of securities;
- (v) costs and expenses of negotiating and entering into contracts and arrangements and making investments (such as brokerage, legal, accounting, investment banking, appraisal and other professional and consulting fees and expenses arising from particular investments and potential investments) and similar expenses in terminating those contracts and arrangements and disposing of the Fund's investments;
- (vi) costs and expenses incurred in attempting to protect or enhance the value of the Fund's investments (including the costs and expenses of instituting and defending lawsuits or engaging in proxy contests or tender offers);
- (vii) income taxes, withholding taxes, transfer taxes and other governmental and self-regulatory agency charges and duties;
- (viii) fees and charges of custodians, clearing agencies and banks;

- (ix) third-party bookkeeping, recordkeeping, legal, accounting, auditing, tax preparation and other professional, expert and consulting fees and expenses arising in connection with the Fund's activities (including (1) fees and expenses of counsel for the Fund, SCP or one or more officers or partners of SCP arising in connection with the Fund's activities, and (2) research and legal costs and expenses related to investigative due diligence on prospective portfolio holdings);
- (x) fees and expenses related to regulatory reporting for the Fund, SCP or their affiliates relating to the Fund (including, but not limited to, filings under sections 13 and 16 of the Securities Exchange Act of 1934, as amended, and Form PF), such as consulting and legal fees, software, license, data production and implementation fees, and related charges;
- (xi) costs of contracts related to on-line research, trade order management systems, risk reporting, portfolio management, and quotation services and equipment (including computer hardware and software related thereto, such as is provided by Bloomberg, Reuters or similar providers);
- (xii) fees and expenses of the Fund's administrator or any similar service provider;
- (xiii) fees, costs and expenses of communicating with investors (including, without limitation, the costs of establishing and maintaining a website for such communications);
- (xiv) costs and expenses of investing the Fund's assets indirectly through Investee Funds, including all management fees and performance-based compensation charged by their Managers, and all other costs and expenses of such investments;
- (xv) if the Fund invests through a master fund, the costs and expenses of investing the Fund's assets through such master fund, including the Fund's proportionate share of the costs and expenses of organizing and operating such a master fund;
- (xvi) to the extent permitted by applicable law, premiums and other costs and expenses of insurance policies as SCP considers appropriate, insuring the Fund, SCP and their affiliates against liabilities that may arise in connection with the business or management of the Fund;
- (xvii) costs and expenses of proxy voting and class action services;
- (xviii) for the Offshore Fund, costs of maintaining its registered office in the Cayman Islands and the costs of having its management shares held by a third party;
- (xix) costs of maintaining any appropriate registrations of the Fund;
- (xx) for the Offshore Fund, fees and reimbursement for out-of-pocket expenses of the unaffiliated directors, registrar, transfer agent and corporate secretary;
- (xxi) any contingencies for which SCP determines reserves are required; and

(xxii) any extraordinary expenses (such as litigation expenses).

SCP bears its own operating, general, administrative and overhead expenses, other than the expenses described above. Certain expenses may be paid by securities brokerage firms to which SCP directs securities trades, as discussed in item 12 below.

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

SCP provides investment management services to accounts that do pay performance-based compensation as described in Item 5 and also to accounts that not pay performance-based compensation.

The possibility that SCP may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such compensation. Investors are provided with clear disclosure as to how such compensation is charged with respect to a particular Fund and the risks associated with such compensation prior to making an investment.

SCP has an incentive to favor higher fee-paying accounts over other accounts. SCP has a conflict of interest if, in any time period, one fee structure would cause higher fees to SCP than the other fee structure, because SCP would have an incentive to favor the account that pays the higher fees. To address this conflict, SCP allocates investment opportunities that are appropriate for multiple accounts on a pro rata basis based on each account's assets.

Item 7. Types of Clients

SCP provides investment supervisory services to Funds.

SCP generally requires a minimum initial investment of \$1,000,000 for investors in each Fund. Each investor is required to meet certain suitability qualifications, such as being an "accredited investor" and "qualified purchaser" within the meaning set forth under the United States federal securities laws.

The minimum initial investment requirement may be waived by SCP in its discretion.

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

The Funds invest primarily in Investee Funds managed by Managers selected and monitored by SCP. The Investee Funds invest in securities, which may include publicly traded common and preferred stocks (and equity-like financial instruments), swaps, options (including covered and uncovered puts and calls), other derivatives, rights, warrants, private securities, non-U.S. securities, bonds, notes, bills, participating and convertible debt instruments, money market instruments, units, ETFs and other instruments. The Investee Funds may engage in short selling, margin trading, hedging and other investment strategies. The Fund also invests directly in securities and may engage

in short selling, margin trading, hedging and other strategies. The Investee Funds and the Fund may hold part of their assets in cash or in money market or similar instruments.

Investment Objective. SCP's investment objective is to structure a diversified and balanced portfolio that provides consistent alpha and below market volatility for the investors. SCP seeks to accomplish its investment objective by constructing a multi-manager, multi-strategy investment portfolio of diversified Investee Funds. Direct equity overlays also complement SCP's hedged and long-only equity and fixed-income fund investments.

Investment Selection Process. SCP's Investee Fund selection and monitoring process hinges on its goal of concentrating the portfolio with low volatility, alpha generating funds. SCP aims to engage in extensive investment and operational due diligence prior to investment in each Investee Fund. After initial investment, SCP engages in ongoing risk assessment and dialogue with the Investee Funds' Managers.

Investment Philosophy. The Funds are organized around the belief that comprehensive Investee Fund screening and monitoring along with portfolio balance and diversification will yield superior investment results. SCP seeks to make investment decisions based on a thorough understanding of the financial, strategic, and competitive dynamics of the investment landscape as well as the qualitative and quantitative attributes that characterize a superior portfolio.

An investment in any Fund should be considered a long-term investment. The Funds are not intended to meet investors' short-term financial needs or to provide a complete or balanced investment program.

Other Matters. The investment strategy summarized above represents SCP's current intentions, is general in nature and is not intended to be exhaustive. Among other things, there are no limits on the types of Investee Funds and securities in which any Fund may invest, the types of positions a Fund and the Investee Funds may take, the concentration of any Fund's or Investee Fund's investments in companies, industries or market sectors or subsectors, or the amount of leverage that a Fund or the Investee Funds may use, including the extent of a Fund's or Investee Fund's margin trading and short positions. SCP and the Managers have broad discretion to use any securities trading or investment techniques, whether or not contemplated by the investment strategy described above. In addition, there are inherent limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities markets and the economy generally, SCP may pursue any other objectives or use any other techniques that it considers appropriate and in the Funds' best interest. The Funds may not achieve their investment objectives. Further, many of the investment techniques and activities described above are high-risk activities that could result in substantial losses. Consequently, only experienced and sophisticated persons who are able to risk losing all of their investments should invest in a Fund.

Risk Factors

Investing in securities involves risk of loss that investors should be prepared to bear. Below are some of the risks that investors should consider before investing in any Fund SCP manages. Any or all of such risks could materially and adversely affect investment performance and the value of any

account or any security held in an account and could cause investors to lose substantial amounts of money. All prospective investors should consult with their professional advisers before deciding to invest. A potential investor should discuss with SCP's representatives any questions that such person may have before investing in a Fund. Some of the risks that an investor should consider before investing in a Fund are:

- A Fund may not achieve its investment objectives. Its strategy may not be successful and investors may lose some or all of their investment.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect the Funds' and Investee Funds' investments.
- The Funds and Investee Funds may hold stocks that disappoint earnings expectations and decline and may short stocks that beat earnings expectations and rise.
- SCP and any Investee Fund Manager may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. They may receive material, non-public information about an issuer that prevents them from trading securities of that issuer for the Funds when the Funds could make a profit or avoid losses.
- SCP and Investee Funds may take positions in securities of small or unseasoned companies that are less actively traded and more volatile than those of larger companies.
- SCP and Managers of Investee Funds may engage in hedging in certain strategies, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged does not always correlate, resulting in losses on both the hedged security and the hedging instrument. SCP and the Investee Fund Managers are not obligated to hedge their portfolio positions, and they frequently may not do so.
- The Funds and Investee Funds may have higher portfolio turnover and transaction costs than similar accounts managed by other investment advisers. These costs reduce investments and potential profit or increase loss.
- Management and stockholders of an issuer may sue short sellers to prevent short sales of the issuer's securities. SCP and Managers of Investee Funds could be subject to such actions, even if they are baseless, and the Funds could incur substantial costs defending them.
- SCP and Managers of Investee Funds may use leverage by borrowing on margin, selling securities short in certain strategies and trading derivatives, which increases volatility and risk of loss.
- Derivative instruments can be difficult to value. An incorrect valuation could result in losses.
- There is no exchange-based market on which to close many open swap position or other derivative transaction. The Funds and Investee Funds could experience delays in settling

such transactions, including due to credit or liquidity problems with the counterparty, which could result in losses.

- SCP and the Investee Fund Managers may invest in futures and other commodity interests. Trading in these instruments is highly speculative and may entail risks greater than those of investing in other securities. Price movement in these instruments is hard to predict and they may be particularly volatile.
- SCP and the Investee Fund Managers may sell covered and uncovered options on securities. The sale of uncovered options could result in unlimited losses.
- The Funds and Investee Funds may invest in debt instruments, whose values may vary unpredictably with shifts in interest rates, issuers' ability to pay principal and interest and issuers' defaults.
- Counterparties such as brokers, dealers, custodians, administrators, and service providers with which SCP does business on behalf of the Fund may default on their obligations. For example, the Fund may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt. Similar risks apply to Investee Funds.
- The Funds and Investee Funds may enter into repurchase agreements or reverse repurchase agreements. These instruments can have effects similar to margin trading and leveraging strategies.
- The Fund and Investee Funds may to invest in securities of non-U.S. issuers. The risks of these investments include political risks, economic conditions of the country in which the issuer is located, limitations on foreign investment in any such country, currency exchange risks, withholding taxes, limited information about the issuer, limited liquidity and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- Some positions may be or become illiquid, in which case SCP or the Investee fund Manager may not be able to sell such positions.
- An Investee Fund's investments may be concentrated in a few positions and may not be diversified across industries or sectors. Therefore, a loss in any one position, industry or sector may cause significant losses.
- SCP determines the value of securities held in the Funds, whether or not a public market exists for such instruments. If SCP's valuation is inaccurate, it might receive more compensation than that to which it is entitled, a new investor in a Fund might receive an

interest that is worth less than it paid, and an investor that is withdrawing assets might receive more than the amount to which it is entitled, to the detriment of other investors.

- SCP and its affiliates and agents generally are not responsible to any Fund or investor for losses incurred in an account unless the conduct resulting in such loss breached SCP's fiduciary duty to the Fund.
- There is not and will not be an active market for Fund interests. It may be impossible to transfer any such interests, even in an emergency.
- A Fund may not be able to generate the cash necessary to satisfy investor withdrawals and redemptions. Substantial withdrawals and redemptions in a short period could force SCP to liquidate investments too rapidly and may so reduce the size of a Fund that it cannot generate returns or reduce losses.
- A Fund or Investee Fund may limit or suspend withdrawals or redemptions of an investor's assets.
- A Fund may establish a reserve for contingencies if SCP considers it appropriate. Investors may not withdraw or redeem assets covered by that reserve until it is lifted.
- If the assets that SCP manages grow too large, it may adversely affect performance because it is more difficult for SCP to find attractive investments as the amount of assets that it must invest increases.
- The attorneys who represent SCP do not represent individual investors. Investors must hire their own counsel for legal advice and representation.
- A Fund may dissolve or expel any investor at any time, even if such actions adversely affect one or more investors.
- SCP, a Fund administrator or any government agency may freeze assets that any of them believes a Fund holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist and may transfer such assets to a government agency. None of SCP, a Fund or an administrator will be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- The Funds do not intend to make distributions but intend instead to reinvest substantially all income and gain. Therefore, an investor may have taxable income from a Fund without a cash distribution to pay the related taxes.
- Federal, state and international governments may increase regulation of investment advisers, private investment funds and derivative securities, which may increase the time and resources that SCP must devote to regulatory compliance to the detriment of investment activities.

- SCP is not registered with the SEC as a broker-dealer or with the Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser. The equity interests in the Funds are not registered under the Securities Act of 1933, and the Funds are not registered investment companies under the Investment Company Act of 1940. SCP believes that none of these registrations is required because exemptions are available under applicable law. If a regulatory authority deems that any of these registrations is required, SCP and any Fund could be subject to expensive legal action and potential termination. In addition, investors in the Funds do not have certain regulatory protection that they would have if these registrations were in place.
- SCP's activities could cause adverse tax consequences to the Fund and investors, including liability for interest and penalties.
- SCP's activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that act.
- A Fund may permit an investment by an investor located in an EU country. It is not possible to determine presently the full impact that the AIFM Directive will have on a Fund or SCP. Regulatory changes impairing the ability of SCP to manage investments may have a material adverse effect on a Fund's ability to carry out its investment approach, achieve its investment objective, or attract new capital from European Union sources.
- If an investor fails to provide a Fund with any information it requests, in violation of FATCA, the Fund may exercise its right to compel the redemption of such shareholder.

The above is only a brief summary of some of the important risks that an investor may encounter. Before deciding to invest in a Fund that SCP manages, potential clients should consider carefully all of the risk factors and other information in the Fund's offering documents.

Item 9. Disciplinary Information

Not applicable.

Item 10. Other Financial Industry Activities and Affiliations

Kara Dille, Chief Compliance Officer and Chief Operating Officer of SCP and Willis Koo, Chief Financial Officer of SCP, are co-founders of outsourced accounting firm Dille & Koo. Dille & Koo provides accounting services to other investment advisers and pooled investment vehicles unrelated to SCP and the Funds. This activity creates potential conflicts of interest related to the sharing of proprietary nonpublic information and the use of their time.

Dille & Koo and SCP operate independently of one another. SCP does not conduct any business with Dille & Koo or clients of Dille & Koo. SCP's investors and the Investee Funds are not clients of Dille & Koo. Ms. Dille and Mr. Koo's responsibilities at SCP are unrelated to portfolio management, and the services that Dille & Koo provides to its clients are limited to accounting matters and do not relate to portfolio management or investors.

Ms. Dille and Mr. Koo commit the majority of their time and activity to SCP and do not use SCP's resources to conduct business on behalf of Dille & Koo. Their relationship with Dille & Koo is disclosed to all investors.

In their capacity as supervised persons of SCP, Ms. Dille and Mr. Koo are subject to SCP's compliance policies, which among other things require them to discharge their fiduciary duties to SCP's clients and maintain the confidentiality of SCP's portfolio holdings and recommendations and SCP's investors' nonpublic personal information. In addition, as certified public accountants, they are subject to the rules of professional conduct applicable to licensed CPAs, which include obligations to maintain the confidentiality of Dille & Koo's client information.

Investors and prospective investors may obtain additional information about Dille & Koo and its relationship with SCP by contacting SCP's Chief Compliance Officer, at (925) 253-1800.

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

SCP has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the Investment Company Act of 1940, which establishes standards of conduct for its employees. The Code of Ethics includes general requirements that SCP employees comply with their fiduciary obligations to the Funds 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 employees to report most of their personal securities transactions and holdings quarterly to the Chief Compliance Officer or her designee. Employees must also report their outside business activities. Each employee receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received the materials. Annually, each employee must certify that he or she complied with the Code of Ethics during that year.

Investors and prospective investors may obtain a copy of the Code of Ethics by contacting SCP's Chief Compliance Officer, at (925) 253-1800.

Under SCP's Code of Ethics, SCP and its officers and employees may personally invest in securities of the same classes as are purchased for the Funds, and they may own securities of classes that are subsequently purchased for the Funds. This practice creates a conflict of interest in that any of such persons can use his or her knowledge about actual or proposed securities transactions and recommendations for a Fund to profit personally by the market effect of such transactions and recommendations. To address this conflict, SCP and its officers and employees are required to pre-clear transactions in securities designated as "Reportable Securities," and SCP will only grant approval to trade if the security is not owned by a Fund or being contemplated for purchase for a Fund, or has otherwise been restricted. In addition to these restrictions, SCP's officers and employees are generally prohibited from investing in hedge funds or other private investment funds, and in common stock and options on common stock.

SCP and its officers and employees may buy or sell a specific security for their own accounts based on personal investment considerations, which SCP does not deem appropriate to buy or sell for the Fund. The performance of the personal accounts of SCP and its officers and employees may be more favorable at times than that of the Funds' accounts.

Because SCP manages more than one client account, there may be conflicts of interest over its time devoted to managing any one account and selecting and allocating investment opportunities among accounts. For example, SCP selects investments for each Fund based solely on investment considerations for that Fund. The Funds may have different investment strategies and expected levels of trading. Therefore, SCP may buy or sell a security for one Fund but not for another, or may buy (or sell) a security for one Fund while simultaneously selling (or buying) the same security for another Fund. SCP attempts to address such situations in a manner that is generally fair to the Funds. SCP may take action on behalf of the Funds that differs from the timing or nature of action it takes on behalf of any other Fund as long as it is SCP's policy, to the extent practicable, to allocate investment opportunities to clients fairly and equitably over time.

Item 12. Brokerage Practices

For direct purchases of securities by the Funds, SCP has complete discretion over the selection of the broker to be used and the commission rates to be paid. In selecting a broker for any transaction or series of transactions, SCP may consider a number of factors, including, for example,

- opportunity for price improvement,
- transaction costs,
- anonymity,
- liquidity,
- expertise with difficult securities (i.e., illiquid trades),
- speed of execution,
- trading style and strategy (taking market conditions into consideration),
- frequency of errors,
- access to new issues,
- financial strength and stability,
- special execution capabilities,
- willingness to execute related or unrelated difficult transactions in the future,

- order of call (refers to the order in which the broker calls a client vs. its other clients to share information),
- information accuracy and timeliness,
- ability to minimize market impact,
- availability of derivative securities,
- capital commitment,
- perceived integrity and reputation,
- morning/intraday flow call, and
- quality of and access to research (including sales coverage, investment ideas, research seminars and ability to facilitate meetings with corporate executives).

SCP may also purchase from a broker or allow a broker to pay for certain goods and services, (“soft dollar relationships”), including

- certain research services, including economic and market information, portfolio strategy advice, industry and company comments, technical data, recommendations, research conferences, general reports, periodical subscription fees and consultants’ fees;
- performance, risk and exposure measurement data;
- trade execution analytics;
- on-line pricing;
- news wire charges and certain data processing charges;
- quotation services; and
- computer software (such as trade order management systems and software that facilitates the analyzing of the availability and rates for stock borrows from different brokers and related matters) or aggregated performance, risk and exposure measurement across the Funds and stock portfolios within one or more of the Funds.

SCP may direct a brokerage firm that executes transactions to share some of its commissions with a brokerage firm that provides soft dollar benefits to SCP. With respect to certain computer software used for both research/brokerage and non-research/brokerage purposes, SCP may (but is not required to) allocate the costs of such products between their research/brokerage and non-research/brokerage uses and will use soft dollars to pay only for the portion allocated to research/brokerage uses.

SCP may cause a Fund to pay a brokerage commission in excess of that which another broker might charge for effecting the same transaction in recognition of the value of the brokerage, research and other services and soft dollar relationships. Although SCP believes the Funds benefit from services obtained with soft dollars generated by their accounts’ trading, SCP and its affiliates also derive

direct or indirect benefits from some or all of these services, particularly to the extent that SCP uses “soft” or commission dollars to pay expenses that it would otherwise be required to pay itself.

Section 28(e) of the 1934 Act provides a “safe harbor” to investment advisers who use commission dollars of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. Conduct outside of the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. If SCP uses commission dollars to pay for products or services that provide administrative or other nonresearch assistance to the them or their affiliates, such payments may not fall within the safe harbor of section 28(e). In addition, SCP may receive soft dollar credits on principal, as well as agency, securities transactions with brokers.

SCP generally considers the amount and nature of research, execution and other services provided by brokers as well as the extent to which the Funds rely on such services, and attempts to allocate a portion of the brokerage transactions of the Funds on the basis of that consideration. SCP may use the investment information and other services received from brokers, however, in servicing all of the Funds, but it may not use all such information for any particular Fund. SCP believes that allocating brokerage transactions in this manner helps the Funds obtain research and execution capabilities and provides other benefits to the Funds.

The relationships with brokerage firms that provide soft dollar services to SCP and its affiliates influence SCP’s judgment in allocating brokerage transactions and create a conflict of interest in using the services of those brokers to execute the Funds’ brokerage transactions. The brokerage fees paid by the Funds benefit SCP at the expense of the Funds, to the extent that soft dollars are used to pay SCP’s expenses that are not otherwise reimbursable by the Funds. SCP believes that these relationships benefit the Funds, but Fund trades executed through these firms or any other brokerage firm may or may not be at the best price otherwise available.

SCP retains a prime broker and custodians for the Funds. The services that these parties provide may include cash sweep and other cash management services, custody, margin financing, clearing, settlement and stock borrowing in accordance with the terms of the prime brokerage and custody agreements. SCP also receives other services from those parties, which may include capital introduction services, client portfolio reporting, and information management, trade execution analytics and business and information technology consulting and related services. The Funds pay for some of these services, such as stock borrowing, but many of the services are provided without charge. While a number of the services provided by the prime broker and custodians benefit both the Funds and SCP, some of the services, such as capital introduction services and client portfolio reporting used by SCP for marketing purposes, primarily benefit SCP. SCP believes the services it receives from the prime broker and custodians are generally comparable to services provided by many prime brokers and custodians to other similarly situated investment advisers. If SCP did not receive these services from the prime broker and custodians, however, it would be required to pay for all or some portion of them. SCP expects to direct most of the Funds’ securities transactions to these parties and their affiliates, but is not required to direct a particular number of trades to them or to continue to use their services; however, it has an incentive to do so based on their prior and continued services.

The obligations to the custodians and their affiliates are secured by way of a first priority perfected security interest over the assets held in custody by those entities. A custodian may transfer to itself all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for its own purposes. If any such transfer occurs, the Funds will rank as such custodian's (or its affiliate's) unsecured creditors. If such custodian or affiliate becomes insolvent, the Funds may not be able to recover such equivalent securities in full. In addition, a Fund's cash held by a custodian may not be segregated from such custodian's own cash and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the Fund will rank an unsecured creditors in relation thereto.

If any of a Fund's investments are registered in the name of a custodian or its affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or affiliate becomes insolvent, the Fund may not be able to recover such equivalent investments in full.

SCP may aggregate sale and purchase orders of securities held by a Fund with similar orders being made simultaneously for other Funds if, in its judgment, such aggregation is reasonably likely to result in an overall economic benefit to all such accounts, in the aggregate, based on an evaluation that such accounts will benefit from relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Such transactions may be made at slightly different prices, because of the volume of securities purchased or sold. In such event, each Fund may be charged or credited, as the case may be, the average transaction price of all securities purchased or sold in such transactions. As a result, the price may be less favorable to any Fund than it would be if similar transactions were not being executed concurrently for other Funds.

This section describes only the brokerage practices of SCP. Managers of Investee Funds may have similar or different policies and practices concerning such matters as selection of brokers, prime brokers and custodians, allocation of portfolio transactions, use of soft dollars, trade aggregation, etc., all of which may affect the trading, expenses, investment returns and risk profiles of the Investee Funds and thus of the Funds.

Item 13. Review of Accounts

The CIO and/or other SCP personnel review each portfolio's performance and activity at least weekly. Those reviews take into account such matters as asset allocation, cash management, the prospects of individual securities, changes in issuer earnings, industry outlook, market outlook and price levels. Additionally, each Fund's portfolio is monitored on an ongoing basis to assure conformity with the objectives and guidelines in the Fund documents.

Investors in each Fund have access to monthly reporting from the Fund administrator. All investors in Funds receive at least quarterly performance results from SCP. Investors also receive a general quarterly newsletter and their Fund's annual audited financial statements.

Item 14. Client Referrals and Other Compensation

The prime broker and custodians for the Funds provide a variety of services in addition to custody services. These include capital introduction services. SCP is not required to direct any volume of business in return for these services. However, it has an incentive to maintain relationships with these firms based on their prior and continued services.

SCP has an agreement with a solicitor to whom it pays a portion of the management fees and incentive fees paid by an investor that solicitor referred. The agreement requires the solicitor to comply with all applicable laws, including any licensing requirements applicable to it. SCP complies with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940 to the extent required by applicable law.

Item 15. Custody

All Fund assets are held in custody by unaffiliated broker-dealers or banks. The Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The Funds' audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 180 days of the end of the Funds' fiscal years.

Item 16. Investment Discretion

SCP has discretionary authority to manage investment accounts on behalf of the Funds pursuant to a grant of authority through each Fund's agreement of limited partnership or limited power of attorney in its investment management agreement with the Fund.

Item 17. Voting Client Securities

The Funds invest primarily in Investee Funds. SCP is not responsible for voting proxies received by Managers of the Investee Funds with respect to securities in the Investee Funds' portfolios. The Managers will typically vote those proxies on behalf of the Investee Funds. SCP may, however, receive proxies from Investee Funds held by the Funds, which it expects will typically deal with operative terms and business details of the Investee Funds. SCP may also receive proxies with respect to securities in which the Funds invest directly.

SCP will determine whether to and how to vote each proxy in accordance with its fiduciary duty to the applicable Fund. However, SCP will document and abide by any specific proxy voting instructions conveyed by a Fund with respect to its securities. The Chief Compliance Officer coordinates SCP's proxy voting. Absent specific client instructions, SCP has adopted the following proxy voting procedures designed to ensure that proxies are properly identified and voted, and that any conflicts of interest are addressed appropriately:

- All proxies sent to Funds that are received by SCP will be provided to the CCO.
- The CCO will generally work to adhere to the following procedures:

- A written record of each proxy received by SCP will be kept in SCP's files;
- If applicable, the CCO or her designee will determine which of SCP's Funds hold an interest in the security to which the proxy relates;
- The CCO will meet with the CIO and provide him with:
 - a copy of the proxy;
 - a list of the Funds to which the proxy is relevant;
 - the amount of votes controlled by each Fund (if applicable); and
 - the deadline that such proxies need to be completed and returned to the private investment fund in question.
- Prior to voting any proxies, the CCO will determine if there are any conflicts of interest related to the proxy. If a conflict is identified, the CCO and CIO will then make a determination (which may be in consultation with outside legal counsel) as to whether the conflict is material or not.
- If no material conflict is identified pursuant to these procedures, the CCO and CIO will make a decision on how to vote the proxy in question. An authorized signatory for the applicable Fund or Funds will deliver the proxy in accordance with instructions related to such proxy.
- SCP may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).

SCP may direct the Funds' participation in class actions. SCP has not retained a class action service provider to assist in the class action process. SCP usually does not serve as the lead plaintiff in class actions because it believes that the costs of such participation typically exceed any extra benefits that accrue to lead plaintiffs.

Item 18. Financial Information

Not applicable.

Item 19. Requirements for State-Registered Advisers

Not applicable.