

NARA CAPITAL, LP

PART 2A OF FORM ADV: FIRM BROCHURE

**Nara Capital, LP
1411 Broadway, 29th Floor
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This brochure provides information about the qualifications and business practices of Nara Capital, LP (“Nara Capital” or the “Firm”). If you have any questions about the contents of this brochure, please contact Nara Capital’s Chief Compliance Officer at (212) 256-8470 or clastre@naracapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

For “Registered Investment Advisers”: “Any reference to Nara Capital as a registered investment adviser does not imply a certain level of skill or training.

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

THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

Item 2: Material Changes

This Brochure is the Firm's initial Form ADV Part 2A, which has been submitted with Nara Capital's application for registration with the SEC; therefore, there are no material changes to report.

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Item 4: Advisory Business

Nara Capital, LP (“**Nara Capital**” or the “**Firm**”), a Delaware limited partnership, was formed in August 2016. The Firm is owned by Charles Smart and Paride “Alex” de Calice as majority interest holders (the “Majority Partners”) along with Nara Capital, LLC, a Delaware limited liability company whose members include Messrs. Smart and Paride.

Nara Capital is an investment management firm that will provides advisory services to high-net worth individuals and institutional clients through the Firm’s affiliated funds (the “**Funds**”) and separately managed accounts (“**Separately Managed Accounts**”). Nara Capital’s Funds shall be organized in a master-feeder structure (the Funds, together with any Separately Managed Accounts, collectively are referred to as “**Clients**”).

The Funds’ investment objective shall be to generate attractive risk-adjusted returns from investments in fixed income relative value investments. The Funds will seek to derive returns by identifying relative value in those securities with concentrated exposures to specific risks, that can be isolated through hedging and portfolio construction, and by capturing the risk premia, or return, commensurate with managing those risks. The Funds will utilize a range of securities, derivative instruments and structured transactions in order to express market views in the prepayment and structured credit sectors, while seeking to efficiently implement its investment strategies. Further, the Funds will also utilize a range of securities and derivative instruments to hedge both interest rate and credit risks within the portfolio. The Funds will be permitted to use derivatives for both investment and hedging purposes. This includes various interest rate derivatives, as well as credit and index-linked derivatives

The Firm’s investment management and advisory services to the Funds shall be provided pursuant to the terms of the relevant offering memorandum and investors in the Funds cannot obtain services tailored to their individual specific needs.

Nara Capital may also provide investment and advisory services to Separate Managed Accounts. Such services shall be provided pursuant to the agreed upon investment guideline terms set forth in an investment management agreement. Unlike investors in the Funds, Separately Managed Account clients may impose reasonable mandates, guidelines, or restrictions relating to investments. For example, Separately Managed Account clients may impose limits on concentration, risk, exposure, and liquidity that may be different from those in the Funds. A Separately Managed Account client directly owns the positions in its separately managed account, therefore, the Client will typically have full, real-time transparency to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the other Nara Capital private funds. The account owner in a separately managed account typically has the right to withdraw all or a portion of their capital from such managed account on shorter notice and/or with more frequency than the terms applicable to an investment in the private funds. Nara Capital may advise other Separately Managed Accounts in the future.

Nara Capital does not currently have any regulatory assets under management, but it expects to have, within 120 days of the effective date of our initial registration, sufficient regulatory assets under management to allow the Firm to remain eligible for registration with the SEC.

Item 5: Fees and Compensation

Nara Capital will generally receive a management fee in between 1.25% to 2.0% per annum paid monthly in arrears as of the first business day of each month based on the value of each underlying investor's account or each Separately Managed Account client and adjusted during the quarter for any contributions or withdrawals. Management fees may be waived at the discretion of Nara Capital or board of directors of the Funds.

Nara Capital will indirectly deduct management fees and performance allocations from the Funds' accounts pursuant to authorization through the Administrator.

In the event that Nara Capital accepts Separately Managed Accounts, it shall receive fees and performance allocations consistent with the terms of the investment management agreement negotiated for the account. Generally, Separately Managed Accounts have the option to pay Nara Capital by receipt of an invoice or to authorize fees to be paid to Nara Capital by direct debit for management fee and performance fees. If a Separately Managed Account terminates the investment management agreement the Firm will invoice or credit the client for an amount that is pro-rated based on the number of days that the account was managed by Nara Capital.

Subject to the Expense Cap defined below, each respective Fund will pay or reimburse the General Partner, Advisor or their respective affiliates for all of the expenses attributable to the activities of the Fund, including, without limitation: (i) expenses incurred in connection with the evaluation, acquisition, monitoring or disposition of investments, including, without limitation, loan fees, appraisal fees, private placement fees, sales commissions, brokerage fees and commissions, underwriting commissions and discounts, taxes, expenses related to short sales, travel expenses and legal, accounting, investment banking, consulting, information services and other third-party professional fees, and travel, communications and other expenses related to the discovery, investigation, development, making and disposition of investments (whether or not consummated); (ii) expenses incurred in connection with the carrying or management of investments, including, without limitation, interest and related expenses, clearing, execution and settlement charges (including those of Intex, Bloomberg, PolyPaths and similar providers), hedging expenses, custodial, trustee, record keeping and other administration fees and expenses, including, without limitation, fees and expenses of the Administrator; (iii) expenses incurred in connection with any leverage or other indebtedness of the Fund, including, without limitation, interest, borrowing fees, dollar rolls, reverse purchase agreements, credit facilities, margin financing, total return swaps, the issuance of debt securities and other costs associated with any financing; (iv) expenses incurred in connection with the preparation and delivery of the Fund's financial statements, reports, tax returns and K-1s (or similar schedules); (v) professional fees and expenses, including, without limitation, fees and disbursements of attorneys, accountants, consultants and experts relating to Fund matters, and fees and disbursements associated with updating the subscription documents and amending or restructuring the constituent documents of the Fund or other investment vehicles, including, without limitation, the General Partner; (vi) any costs, including, without limitation, compensation, indemnification and insurance expenses associated with committees; (vii) any taxes or other governmental charges that may be levied against or incurred or payable by the Fund; (viii) expenses relating to defaults by investors in the payment of any Capital Contributions; (ix) insurance premiums or expenses in connection with the activities of the Fund, including, without limitation, errors, omissions, fidelity, general partner liability, directors' and officers' liability and similar coverage for any person acting on behalf of the Fund, the General Partner or the Advisor; (x) expenses (including, without limitation, legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Fund (including, without limitation, the offering of interests in the Fund, any "blue sky" filing fees

and expenses and expenses related to the preparation and filing of Form PF and other similar regulatory filings related to the Fund) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith; (xi) expenses incurred in connection with the dissolution, winding up or liquidation of the Fund; (xii) expenses incurred in connection with computing the Fund's assets; (xiii) expenses incurred in connection with any distributions to the investors and in connection with any meeting of the investors relating to the Fund; (xiv) expenses related to the Funds' indemnification obligations (as described below); (xv) administration fees payable to the administrator of the Fund; (xvi) expenses incurred in connection with the formation of special purpose entities; (xvii) the Management Fees; (xviii) expenses incurred in connection with the preparation and delivery of reports of the Fund and any meetings with investors; and (xviii) and other similar expenses related to the Funds.

Notwithstanding the foregoing, with respect to any given calendar month, in no event shall the Funds be responsible for the funding of the foregoing expenses (such expenses, excluding any Uncapped Expenses (as defined below), the "Capped Expenses") in an aggregate amount in excess of the product of 0.04167% and the average Net Asset Value in such month (the "Expense Cap").

"Uncapped Expenses" means: (A) Management Fees; (B) investment expenses of the Funds, such as brokerage commissions and expenses relating to clearing and settlement charges and financing and hedging expenses (but excluding any investment expenses incurred with respect to unconsummated investments); (C) expenses related to the Fund's indemnification obligations; (D) any and all taxes and governmental fees payable by or with respect to the Fund, its investments, or to federal, state or other governmental agencies, domestic or foreign, including real estate, stamp or other transfer taxes; (E) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith; (F) expenses incurred in connection with the dissolution of the Fund (including any amortized but not capitalized organizational expenses); (G) extraordinary expenses; and (H) any similar expenses relating to the foregoing categories of Uncapped Expenses.

Any Capped Expenses incurred in a given calendar month that are in excess of the Expenses Cap will be borne by the General Partner or its affiliate(s), and not by the Fund.

To the extent that any of the above expenses relate to one or more other funds or accounts managed by the Advisor or any of their affiliates, the Advisor will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses.

The feeder Funds, as investors in the Master Fund will bear their pro rata share of the expenses of the Master Fund. The Master Fund will bear its own expenses including the categories of expenses listed above as expenses of the Funds. To the extent that any of the foregoing expenses relate to the operations of the Master Fund and the feeder Funds or one or more other funds or accounts managed by the General Partner, the Advisor or their respective affiliates, the General Partner will attempt to allocate such expenses based on a good faith determination of the relative benefits of such expenses to all such funds and accounts benefiting from such expenses.

The Firm will provide for and bear all of its own ordinary administrative and overhead expenses ("Overhead"), including: (i) all of the expenses of secretarial, clerical, and other personnel related to investment management services; (ii) office space, office equipment, computer equipment, and supplies; (iii) other necessary operating, managerial and administrative services; and (iv) all compensation and fringe benefits of the Firm and respective affiliates, and their members and employees, including health insurance; provided, that the Funds will reimburse the Firm and respective affiliates for all non-investment advisory services provided to the Funds by the Firm, employees thereof and their respective affiliates.

Expenses shared by each of the Funds are allocated pro rata based on the value of each of the Funds. If a Fund and one or more other Funds, or other Clients of Nara Capital may be responsible for some or all of a particular cost, Nara Capital may allocate the cost among all those entities, Clients, and Funds in its discretion in a fair and equitable manner.

Nara Capital or its supervised persons do not receive compensation attributable to the sale of securities or other investment products, and mutual funds.

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

Nara Capital will receive an annual performance fee between 15% - 20% of the net profits (including realized and unrealized gains), if any, attributable to each investor's and certain Separately Managed Account client's capital account, if any, subject to a loss carry-forward provision and adjusted for deposits and withdrawals. The performance fee also creates an incentive for Nara Capital to make more speculative investments than would otherwise be made, or make decisions regarding the timing and manner of realization of investments differently than if such performance fees were not received. In addition, the performance based fee received by Nara Capital is based primarily on realized and unrealized gains and losses so the Firm may have an incentive to increase the value of client assets through fair valuation determinations. The performance based fee earned could also be based on unrealized gains that clients may never realize. Despite the presence of these conflicts of interest, the Firm seeks to act fairly when allocating investment opportunities and valuing client assets. Nara Capital has adopted written policies and procedures that are designed to ensure fair allocations and valuations over time.

Item 7: Types of Clients

Nara Capital's clients will be the Funds and may include Separately Managed Accounts.

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

The Funds will seek to derive returns by identifying relative value in those securities with concentrated exposures to specific risks, that can be isolated through hedging and portfolio construction, and by capturing the risk premia, or return, commensurate with managing those risks.

The investment philosophy is consistently applied across prepayment and structured credit investment strategies, and seeks to maximize returns relative to anticipated return volatility at the portfolio level. Strategies are not siloed, but rather the Funds aim to construct diversified portfolios, with certain fundamentally negatively correlated sub-sectors, fully hedged duration and interest rate curve exposure, low spread duration, high current carry, and a high unencumbered cash position.

The Funds' investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Funds will be achieved. In fact, investing in the securities contemplated herein and certain other investment techniques can, in certain circumstances, involve illiquidity which may increase the adverse impact to which the Funds' investment portfolio may be subject. The Fund's activities could result in substantial losses under certain circumstances.

Nara Capital will primarily seek to derive investment returns through managing exposures to the following two return sources:

Mortgage Pre-Payment

The domestic residential housing market is unique globally, and the investable US mortgage market is the second largest fixed income market in the U.S. The 30-year, freely pre-payable, fixed-rate nature of the majority of the U.S. residential mortgage market creates considerable convexity, or pre-payment, risk that must be absorbed by the market. Through the creation of a mortgage derivative market decades ago, this risk can be isolated by those managers with the required expertise to model and hedge duration, convexity, and credit risks. Accounting for all such variables through advanced modeling analytics, and arriving upon an accurate option adjusted spread ("OAS") creates opportunity, deriving compensation from this scalable return source. Managers without the ability to accurately assess the OAS of the sector have nonetheless been active participants as part of larger distressed, macro recovery, and interest rate themed strategies over the last several years. The ongoing exit of many of these such managers will likely provide additional opportunities for Nara Capital.

Structured Credit

The structured credit sector includes residential and commercial mortgage backed securities, Agency credit risk transfer securities ("CRTs"), CLOs, and other asset backed securities. These sectors are once again experiencing significant primary market issuance, a portion of which exists at the intersection of credit and structure, and requires material analytical modeling infrastructure combined with rare product expertise to accurately value, hedge and manage as a persistent return source. Mr. Smart and the portfolio management and risk management teams bring a track record of incorporating product expertise with quantitative expertise that is critical to modeling credit optionality. The investment approach is consistent across both the pre-payment and the structured credit strategies, pricing embedded optionality and bringing to bear refined expertise and substantial analytical infrastructure to value securities with a high degree of structural complexity, identify relative value opportunities, and isolate attractive sources of risk premia.

Risks Related to Fund Strategies and Practices

Each of the following material risks apply to investment by the Funds, whether directly by the Feeder Funds and any Separately Managed Accounts, or indirectly through a Master Fund.

Hedging. The Funds may take both long positions and short positions in certain asset classes, primarily for hedging purposes. As part of their general strategy, the Funds may acquire positions that expose them to significant interest rate and prepayment risks but typically hedge against those risks by acquiring assets whose value should move in the opposite direction of those acquired positions that have these exposures. The degree to which a Fund hedges depends on its Adviser's assessment of prevailing risks, market conditions, price levels and other factors.

Current Market Conditions. Financial markets have experienced significant changes since 2008. At times, these markets have suffered from substantial price volatility (both actual and implied) while at others such volatility may have been suppressed as a result of government policy. At times, liquidity in these markets has also suffered. The U.S. real estate – including residential housing – market, residential mortgage market and credit markets have been particularly affected by these changes in volatility and government policies. These conditions may return or continue and, should that happen, the Funds' investments might be negatively affected.

Borrowing. Each Fund may borrow money to finance investments, and for liquidity. Generally, the Funds will use repurchase agreements and/or reverse repurchase agreements for financing purposes. The Funds run the risk of a default of the counterparty to the Master Repurchase Agreement ("MRA") governing their repurchase and reverse repurchase agreements. Such agreements are subject to a number of conditions including, without limitation, covenants relating to the activities and financial condition of the Funds, conditions of lending, representations and warranties, and events of default. A Fund's failure to comply with these terms and conditions may cause an event of default under the credit agreement, which could permit the lenders to refuse to fund additional loans and/or foreclose on the collateral which the Fund pledged in connection with the agreement. A defaulting Fund may be unable to find a replacement source of financing. Even if the Fund could find additional financing, it may not be able to negotiate advantageous terms or satisfy the terms of the replacement financing agreement. If the Funds are unable to borrow, this inability could have a negative affect on the Funds' performance and liquidity.

Derivatives. The Funds may invest in or use derivatives, including, without limitation, swaps, forwards and futures ("Derivatives") used for hedging purposes. These are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. Derivatives can be volatile and involve various types and degrees of risk, depending upon the characteristics of the particular Derivative and the portfolio as a whole. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in Derivatives could have a large potential impact on a Fund's performance. The risks generally associated with Derivatives include the risks that: (a) the value of the Derivative will change in a manner detrimental to the Fund; (b) before purchasing the Derivative, the Fund will not have the opportunity to observe its performance under all market conditions; (c) another party to the Derivative may fail to comply with the terms of the Derivative contract; (d) the Derivative may be difficult to purchase or sell; and (e) the Derivative may involve indebtedness or economic leverage, such that adverse changes in the value of the underlying asset could result in a loss substantially greater than the amount invested in the derivative itself or in heightened price sensitivity to market fluctuations.

Valuation Methodologies. The Advisers employ a valuation approach that involves obtaining independent prices for all liquid and illiquid securities. There are cases where individual line items also get multiple prices. The Funds' administrator is also responsible for independently obtaining prices for all liquid and illiquid securities submitted by dealers and/or pricing services. From time to time, where a dealer or pricing service quote appears to be significantly off market, the Advisers may request that such

dealer or service review its pricing on the position or positions in question. In the event that the Advisers were not able to obtain an independent quote for an illiquid security, the Advisers would use their financial models to determine a “best estimate” valuation. Should this occur, this may create a conflict of interest because the Advisers may stand to benefit from a higher valuation of a particular security that would have ordinarily been priced independently.

The Advisor will closely monitor the risk profile of the Funds’ positions and the Fund’s liquidity needs. The Funds’ overall portfolio is regularly reevaluated in an effort to assess systematic, portfolio level and position-specific risks and to avoid over-concentrations in any particular security; however, the Funds will not apply any formal diversification policies.

Intrinsic to the Funds’ investment objective is the adherence to risk management guidelines and procedures. The Funds will use option-adjusted spread analysis in evaluating investments. The Advisor has a risk management group and has implemented a risk management policy designed to formalize risk management controls. The Advisor has sole discretion to determine whether to use, modify or eliminate any of these risk management techniques at any time. However, there can be no assurance that this or any other risk management strategy will be successful.

An investment in the Fund entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of the Fund and bearing the risks that it represents.

The Fund is not suitable as the sole investment vehicle for an investor. There can be no assurance that the Fund will be able to achieve its investment objective or generate investment returns or avoid losses, and therefore a prospective investor should invest in the Fund only as part of a broader overall investment strategy, and only if the prospective investor is able to withstand a total loss of its investment.

Prospective investors should conduct their own due diligence of the Fund, utilizing appropriate professional advisors. In addition, each prospective investor should make its own inquiries and consult its own advisors as to the various legal, tax and related matters concerning an investment in the Fund.

Prospective purchasers of Interests should carefully consider the following factors in connection with a purchase of Interests. The following list is not a complete list of all risks involved in connection with an investment in the Fund. There can be no assurance that the Fund will be able to achieve its investment objective or that Limited Partners will receive a return on their capital, and investment results may vary substantially on a monthly, quarterly or annual basis.

The investments made by the Funds may involve a high degree of business and financial risk that can result in substantial losses. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks and security operations.

All investments in securities or other obligations risk the loss of capital, including the risk of a total loss of invested capital. No guarantee or representation is made that the Funds’ program will be successful. The Funds’ investment programs may utilize such investment techniques as swaps, options and forward contracts, which practices may, in certain circumstances, increase the adverse impact to which the Funds may be subject. The Funds will invest in bonds or other fixed-income securities, including, without limitation, public and private non-investment grade bonds, secured loans, second lien debt, convertible securities, options, swaps and other securities with fixed-income characteristics. The market prices of such securities are also subject to abrupt and erratic market movements and changes in liquidity and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than those prevailing in other securities markets.

For a more complete discussion of the analysis and investment strategies used in formulating investment advice or managing assets and the investment risks for the Funds, investors should review the applicable Memorandum for each Feeder Fund, or, with respect to the Separately Managed Accounts, their investment management agreement.

Item 9: Disciplinary Information

Nara Capital and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an evaluation of the Firm or its employees.

Item 10: Other Financial Industry Activities and Affiliations

Nara Capital, LP shall be the Advisor to the Firm's affiliated funds, which shall be organized in a master-feeder structure and shall include: Nara Capital Fund, LP, Nara Capital Fund (Offshore), Ltd. and Nara Capital Master Fund, Ltd. Nara Capital Fund Ultimate GenPar, LLC serves as the General Partner to the Nara Capital Fund GenPar, LP, which serves as the General Partner to the Nara Capital Fund, LP and shall be the Managing Shareholder of the Nara Capital Master Fund, Ltd, and is affiliated with Nara Capital by common ownership.

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

Nara Capital has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), which is predicated on the principle that Nara Capital owes a fiduciary duty to the Funds. Accordingly, employees of Nara Capital must disclose or avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interest of the Funds.

Employees of Nara Capital may only purchase and sell securities in accordance with the Firm’s Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

Among other things, the Code of Ethics includes the following points:

- A statement of the standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions
- Limits and restrictions on personal trading of Employees designed to minimize potential conflicts of interest.
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics.
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of the Firm’s Code of Ethics is available to investors, clients, prospective investors, and prospective clients upon request.

Nara Capital, its employees or a related entity typically have an investment in the Funds. As a result, Related Persons have an interest in an investment that Nara Capital or affiliates will also recommend to Clients, prospective clients, or Fund investors.

Nara Capital, as a fiduciary, endeavors to always make decisions in the best interest of the Clients if a conflict of interest arises. In order to prevent any conflicts of interest employees may only liquidate current positions and are restricted from purchasing or selling short additional securities in personal accounts so as not to conflict with any of the Firm’s Advisory Client accounts’. Nara Capital and its officers and employees are also strictly prohibited from engaging in insider trading. Under certain circumstances, Nara Capital may determine that it, or one of its employees, have obtained, or may have obtained, material non-public information. Nara Capital maintains a “restricted list” that is designed to prevent our clients, officers, and employees from engaging in insider trading. Our firm’s use of a restricted list and caution in connection with potential exposure to material non-public information may limit clients’ investment opportunities.

Section 206(3) of the Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a Client without disclosing to the Client in writing the capacity in which the adviser is acting and obtaining the Client’s consent to the transaction. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund’s outstanding securities, a trade with another Client account or fund should be treated as a principal transaction. Nara Capital does not anticipate engaging in principal transactions with Clients. However, Nara Capital has adopted specific policies and procedures

for monitoring the level of proprietary ownership in each Fund. Should Nara Capital decide to engage in a principal transaction with a Client, Nara Capital will affect the transaction in compliance with Section 206(3) of the Advisers Act.

Item 12: Brokerage Practices

Nara Capital has complete discretion in deciding which securities are bought and sold, the amount and price of those securities, the broker-dealers or counterparties to be used for a particular transaction, and commissions or markups and markdowns paid. Nara Capital will allocate transactions to broker-dealers for execution on markets/exchanges and at prices and commission rates that, in the Firm's good faith judgment, are in the best interest of its clients. Nara Capital takes into consideration primarily available prices, brokerage commission rates, the quality, comprehensiveness and frequency of available research services considered to be of value, and other relevant factors including, but not limited to, execution, clearance, and settlement and error correction capabilities of the broker or dealer generally and in connection with securities of the type and in the amounts to be bought or sold; the broker's or dealer's willingness to commit capital; reliability and financial stability; the size of the transaction; availability of securities to borrow for short sales; and the market for the security. Neither Nara Capital nor any affiliates receive any commissions generated by a Fund's or Client trading activities. Nara Capital may benefit indirectly from payments made by a Fund or Client (including payments by way of soft dollars) as described below. Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds or Clients by brokers or dealers in these circumstances may be higher than those charged by other brokers or dealers who may not offer such services. Nara Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Nara Capital maintains policies and procedures to review the quality of executions, including periodic reviews by its trading and investment professionals.

Section 28(e) of the Securities Exchange Act of 1934 as amended provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment manager in the performance of investment decision making responsibilities. Nara Capital does not currently anticipate accepting soft dollars or participating in soft dollar arrangements with any of its brokers. However, if Nara Capital does elect to use soft dollars it is Nara Capital's policy to only use commission dollars generated by client trades to pay for research and brokerage services that provide lawful and appropriate assistance to Nara Capital in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended.

Where a product or service obtained with soft dollars provides both research and non-research benefits to Nara Capital (i.e., a "mixed use" item), Nara Capital will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of Nara Capital's allocation of the costs of such benefits and services between those that primarily benefit Nara Capital and those that primarily benefit the Funds or Clients.

Nara Capital's use of soft dollars presents a potential conflict of interest because Nara Capital is effectively using Fund or Client assets to pay for research that Nara Capital might be able to generate internally or would otherwise have to purchase. This conflict of interest could motivate Nara Capital to allocate trades to research providers, even if those providers were not offering the best available execution. As previously mentioned, Nara Capital considers the amount and nature of research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Funds or Clients on the basis of that consideration. In addition, broker-dealers sometimes suggest a level of business that they would like to receive in return for the various services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is

allocated on the basis of all the considerations described above. A broker-dealer is not excluded from receiving business because it has not been identified as providing research services. Periodically Nara Capital considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of the Clients on the basis of that consideration.

Nara Capital or affiliates may receive introductions to Fund Investors through broker-dealers that are prime brokers or who execute trades on behalf of Nara Capital. Nara Capital does not believe that it pays any additional fees or higher commissions as a result of these introductions. Nara Capital seeks best execution on all transactions. However, Nara Capital may have an incentive to select or use an executing or prime broker based on Nara Capital or an affiliate receiving Fund investor referrals from that counterparty. Nara Capital does not consider Client or Fund investor referrals from broker-dealers when making brokerage allocation decisions.

Nara Capital anticipates its daily trading volume to be low and not generally susceptible of aggregation. However, it is Nara Capital's policy, whenever possible, to aggregate trades in a block trade in order to reduce transaction costs and to ensure equal price across the Client accounts. Instances in which Client orders may not be aggregated include, but are not limited to, the following:

- Nara Capital determines that the aggregation is not appropriate because of market conditions;
- Situations where Nara Capital must effect the transactions at different times or prices, making aggregation unfeasible; and
- A determination is made by Nara Capital not to aggregate orders because of tax, legal, regulatory or administrative reasons.

When aggregating orders, all Clients will be treated in a fair and equitable manner. Nara Capital will not aggregate orders unless aggregation is consistent with its duty to obtain best execution. Each account that participates in an aggregated order will participate at the average price, with transaction costs shared *pro rata* based on each account's participation in the transaction. It is the policy of Nara Capital to allocate investment opportunities for the Clients fairly and equitably, to the extent possible, over a period of time. Nara Capital, however, will have no obligation to purchase, sell or exchange any security or financial instrument for one Client or Fund that Nara Capital may purchase, sell or exchange for another Client if Nara Capital believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Client. Nara Capital will follow procedures to ensure that allocations do not involve a practice of appearing to favor or disadvantage any Client or group of Clients.

Nara Capital does not anticipate participations in initial public offerings on a regular basis. However, on occasion, Nara Capital may participate in initial public offerings or new issues for its eligible Client accounts. In these cases, Nara Capital's general policy and practice is to allocate shares fairly and equitably among Client accounts according to a specific consistent basis so as not to advantage any one Client over another over time.

As is consistent with its duty to seek to obtain best execution, Nara Capital will utilize cross trades for Client accounts. A cross trade occurs when Nara Capital's purchases and sells a particular security between two or more accounts under Nara Capital's management by instructing brokers to cross the trade. Nara Capital generally utilizes "cross" trades as part of the rebalancing process as described below. In no instance does Nara Capital receive additional compensation when crossing trades for client accounts. Nara Capital will seek to ensure that the terms of the transaction, including the consideration to be paid or received, are fair and reasonable, and the transactions are done for the sole benefit of the Clients. Given the restrictions imposed by ERISA on engaging in cross trades Nara Capital does not include ERISA

accounts in cross trades even where Nara Capital could achieve reduced transaction costs for its Clients by doing so.

The Firm enters into "rebalancing" transactions often between the Clients when contributions or withdrawals of capital to or from the Clients change the ratio of assets of one Client to another. The purpose of the rebalancing transactions is to bring each Fund's exposure to a commonly held investment into line with the Fund's percentage of total assets under management. A Client could be a purchaser or a seller in such rebalancing transactions. All "rebalancing" transactions are effected for cash consideration at the prevailing market close as of a pre-determined rebalancing day of the particular securities and do not involve restricted securities or securities for which market quotations are not readily available. Any transaction costs or transaction cost savings will be borne or shared in equal proportions among the participants.

A "trade error" is generally considered to include an error that (i) prevents portfolio trading instructions given by the PM on behalf of a Client or Fund from being effectuated in substantially the manner intended by the PM; (ii) results in the execution of a trade on behalf of a Client that was not intended for that Client; or (iii) causes a violation of any applicable investment policies or restrictions mandated by the Client or by law. Depending on the relevant facts and circumstances, other events might also be considered trade errors.

Nara Capital seeks to detect trade errors prior to settlement and to correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a third party, such as a broker, Nara Capital will seek to recover any losses associated with the error from that third party. However, there is no guarantee that Nara Capital will be able to do so. In the event that a Fund incurs a trade error solely as a result of Nara Capital's dishonesty or bad faith, gross negligence, or willful misconduct, such error will be corrected by Nara Capital as soon as practicable and in a manner such that the Fund incurs no loss. Trade errors that result from reasons other than by breach of the standard of care stated in the previous sentence will be borne by the relevant Fund. If Nara Capital makes an error while placing a trade for a Separately Managed Account, Nara Capital will seek to correct the error promptly in a way that mitigates any losses. Nara Capital will generally bear any costs associated with correcting any error for a Separately Managed Account subject to the terms of the relevant investment management agreement. Gains associated with any trade error shall be retained by the affected Client(s). Nara Capital will generally not net gains and losses associated with multiple errors related to separate investment decisions, but gains and losses stemming from an interrelated set of errors may generally be netted. Nara Capital will not use soft dollars or commitments of future brokerage business to compensate any broker-dealer for absorbing the cost of a trade error.

Item 13: Review of Accounts

The Firm's Portfolio Managers review the portfolio assets in the Client accounts on an intra-day daily basis. Additionally, the Firm has an Investment Committee to assist in satisfying its fiduciary obligation to evaluate its investment program and each portfolio in accordance with set guidelines.

The Administrator sends monthly capital statements to investors in the Funds identifying opening and closing balances for the period, net income, and capital contributions and withdrawals. Investors also receive periodic management letters which may describe recent performance of the Fund and updates on the Firm.

Item 14: Client Referrals and Other Compensation

Nara Capital has not retained a placement agent for introducing potential investors to certain Clients. However, Nara Capital may enter into arrangements with other placement agents for introducing potential investors to our Clients. Placement agents that solicit or refer potential Clients or investors to Nara Capital may be subject to a conflict of interest because they will be compensated in connection with their solicitation activities. In the event that Nara Capital retains a placement agent, all placement agent fees will be fully disclosed to investors and Clients.

Item 15: Custody

To ensure compliance with Rule 206(4)-2 under the Investment Advisers Act of 1940 Nara Capital relies on qualified custodians to maintain Advisory Client assets. Nara Capital has also appointed an independent certified public accounting firm that is both registered with, and subject to regular inspection by, the Public Companies Accounting Oversight Board that distributes audited financial statements to investors of the Funds within 120 days of the fiscal year-end. The Funds are audited annually and financial statements of the Funds are prepared in accordance with U.S. Generally Accepted Accounting Principles (“**GAAP**”). These reports shall be made available to clients in written form and clients should carefully review those statements.

Item 16: Investment Discretion

The Fund Governing Documents grant Nara Capital full discretionary authority to determine, without obtaining specific consent from the Funds or Fund Investors, the securities and the amounts to be bought or sold on behalf of the Funds and to conduct the day-to-day investment operations of the Funds. Fund Investors do not have authority to impose restrictions on Nara Capital's investment discretion.

In the event that Nara Capital accepts Separately Managed Accounts, it shall receive written discretionary authority from Separate Managed Account clients through the investment management agreement at the outset of an advisory relationship regarding the financial instruments and securities to be traded on behalf of the account that are consistent with the investment objectives and guidelines agreed upon with the Client. The terms of the investment management agreement may limit Nara Capital's authority to purchase securities that are inconsistent with the investment objectives. Clients may further limit Nara Capital's discretion through reasonable restrictions on the account. These restrictions generally take the form of prohibitions or constraints with respect to particular securities, issuers, financial instruments, exposures, or trading counterparties.

Item 17: Voting Client Securities

Nara Capital does not anticipate holding positions in the Funds that would require it to vote proxies or participate in class action lawsuits. However, should Nara Capital decide to acquire a position that may require it to vote a proxy or to elect whether or not to participate in a class action lawsuit, the Firm will adopt such policies to ensure that it acts in the best interests of its clients and investors (as applicable).

Item 18: Financial Information

Nara Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.