

## Conegliano Ventures LLC

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New York, NY 10153**

**February 2018**

This “**Brochure**” provides information about the qualifications and business practices of Conegliano Ventures LLC. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“CCO”), Noam Ohana, by email at [noam@conegliano.com](mailto:noam@conegliano.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

This Brochure also relates to Conegliano Ventures, GP LLC (the “**General Partner**”); however, to the extent that the qualifications and business practices of the General Partner are substantially similar to those of the Investment Adviser, no specific mention of the General Partner is made herein.

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be “accredited investors” as defined in Regulation D, “qualified purchasers” as defined in the Investment Company Act, or non-“U.S. Persons” as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

Additional information about Conegliano Ventures LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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This Brochure is our initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure – when amended in conjunction with our annual update – contains material changes from our last annual update, we will identify and discuss those changes.

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**Item 4: Advisory Business**

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Conegliano Ventures LLC is a New York limited liability company (hereinafter "**Conegliano**," "**we**", "**us**", "**our**" or the "**Advisor**") and is an affiliate of Conegliano Ventures, GP, LLC (the "**General Partner**") which serves as the general partner of the of the Advisor. Noam Ohana, serves as the sole owner of the Investment Manager, Conegliano Ventures LLC and as the General Partner's Managing Member ("**Managing Member**").

The Advisor currently serves as the investment adviser, with discretionary investment authority, to a closed-ended private pooled investment vehicle and special purpose vehicle. Unless specified, from hereinafter the Funds will be referred to as a "**Funds**".

The Advisor may also provide discretionary and/or non-discretionary investment management services and advice to separately managed accounts ("**SMAs**"), additional funds, or provide investment advisory services to Investment Companies ("**Investment Companies**") and/or Business Development Companies ("**Business Development Companies**"), singularly including the Fund, "**Client**", and one or more collectively with the Fund, "**Clients**".

Conegliano's registration on Form ADV also covers Conegliano Ventures, GP, LLC (the "**General Partner**"), a limited liability company organized under the laws of the state of Delaware. The General Partner is an affiliate of the Investment Manager and serves or may serve as the general partner (or in such similar capacity) of the pooled investment vehicle. The General Partner's facilities and personnel are provided by the Advisor. The General Partner serves as general partner to the Fund.

Each Client will be provided with services pursuant to the objectives specified in the relevant offering document, in the investment management agreement ("**IMA**") or equivalent.

We do not currently participate in any Wrap Fee Programs.

The Advisor currently manages \$53,385,946 RAUM on a discretionary basis as of December 31<sup>st</sup>, 2017.

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**Item 5: Fees and Compensation**

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The fees applicable to each Client are set forth in detail in the relevant documents. A brief summary of such fees is provided below.

***Management Fee*****The Fund**

The Fund may be charged an annual management fee, paid at a frequency subject to the Fund(s) offering documents, typically at a rate between to be agreed upon by the Advisor and Investor.

For the avoidance of doubt, the Investor's obligation to fund the Management Fee and any other expenses shall decrease the Investor's unfunded commitments.

Investment Advisory Services

The Advisor's fees and compensation are described in the IMA or Consulting Agreements ("**Consulting Agreements**"), or equivalent, entered into with each Client. The Advisor may charge a Client an asset-based fee pursuant to an agreed upon schedule per each agreement. The Advisor may, in its sole discretion, waive all or part of the management fee with respect to any Client.

The frequency with which a Client will be charged a Management Fee will be subject to the terms of the agreement ("**Agreement**") between the Advisor and the Client.

In Conegliano's sole discretion, the Management Fee may be waived, reduced, or calculated differently with respect to certain Investors, including the General Partner. The General Partner will not be charged the Management Fee. Without the consent of the Investors, the Management Fee may be charged to, and paid by, the Fund or any future pooled investment vehicles.

***Other Types of Fees or Expenses***The Fund

The Investor shall be responsible for its pro rata share of the Fund's expenses, including, without limitation investment expenses, whether or not such investments are consummated (such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Fund's investments, whether or not such investments are consummated, incurred by us); professional fees (including, without limitation, expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to investment-related software tools, programs or other technology utilized in managing the Fund's investments (including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs); research and market data; expenses of an administrator; legal expenses; external accounting and valuation expenses (including, without limitation, the cost of accounting software packages); audit and tax preparation expenses; costs of printing and mailing reports and notices; entity-level taxes; regulatory expenses (including, without limitation, filing fees for filings which are required to be made by the Fund and/or the General Partner or Manager); organizational expenses; indemnification expenses; and other ordinary as well as extraordinary expenses. The General Partner shall issue capital calls to the Investor, as often as monthly, to pay for any such expenses.

Investment Advisory Services

The Client(s) shall bear all expenses of the Advisor in connection with the services of the management of their account unless otherwise specified in the Agreement. Pursuant to the terms of each Client agreement, the Advisor shall provide a quarterly invoice of expenses to the Client. Such reimbursement by the Client shall be expected to be made within 30 days of the receipt of such invoice.

Generally, the Advisor does not have a pre-determined limit on its ordinary or extraordinary operating expenses. The Advisor's and Client's actual annual operating expenses are disclosed

in the Advisor's year-end audited financial statements, which are provided to each Client or Investor.

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**Item 6: Performance-Based Fees and Side-By-Side Management**

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***Incentive Allocation***

Our affiliate and the general partner Conegliano Ventures, GP, LLC may be entitled to be paid performance-based compensation, generally at a fixed rate, upon realization for its services to the Fund.

Any other incentive arrangements for Investment Advisory Services will be discussed in detail in each Clients' Agreement.

Performance-based allocation arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement.

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**Item 7: Types of Clients**

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Our clients will be the Fund and Clients, as described above.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

***Investment Strategy***

At the early-stage, we intend to identify and invest in disruptive start-ups led by talented founders alongside institutional-grade venture investors. At the later-stage, we intend to focus on attractive risk-reward opportunities and special situations with superior management teams.

For all investments, the Advisor will conduct thorough due diligence on the size of the market opportunities and the quality of the management teams. We will also focus on the structuring of the investments in order to secure strong economic and governance rights for our Clients. Although upside potential is key to the underwriting, downside protection in adverse scenarios will also be taken into account.

For certain clients, we may conduct broad market-research into certain sectors and / or initiate and maintain a dialogue with US-based management teams of potential targets. We

may also, at the request of a Client(s), formulate recommendations on their balance sheet investments without retaining ultimate discretion.

Although we anticipate the above to incorporate our current investment strategy, we may also employ additional strategies in the future, subject to Client agreement(s).

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by us, or even investments that will be employed by us. These risk factors include only those risks we believe to be material, significant or unusual, and relate to investment strategies or methods of analysis that may be employed by us on behalf of a Client or Fund. The Advisor may employ investment strategies that may raise all or some of the below risk factors.

No assurance can be made that our investment strategy will be achieved or that substantial or complete losses will not be incurred.

### ***Leverage for Investment Purposes***

The use of leverage will allow us to make additional investments, thereby increasing our exposure to assets, such that our total assets may be greater than our capital. However, leverage will also magnify the volatility of changes in the value of a portfolio. The effect of the use of leverage by us in a market that moves adversely to our investments could result in substantial losses, which would be greater than if we were not leveraged.

### ***Borrowing for Cash Management Purposes***

We may have the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which we may borrow subject to a Client's agreement will affect the operating results of a portfolio.

### ***Collateral***

The instruments and borrowings utilized by us to leverage investments may be collateralized by all or a portion of a portfolio. Accordingly, we may pledge our securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the Securities pledged to brokers to secure a margin account decline in value, and we could be subject to a "margin call", pursuant to which we must either deposit additional funds or Securities with the broker, or suffer mandatory liquidation of the pledged Securities to compensate for the decline in value. The banks and dealers that provide financing to us could apply essentially discretionary margin, "haircut", financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing, and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing may have similar rights. There can be no assurance that we will be able to secure or maintain adequate financing.

### ***Lending of Portfolio Securities***

We may lend securities on a collateralized and an uncollateralized basis from a portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, we will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any,

consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

#### *Diversification and Concentration*

We may, subject to an Agreement, select investments that are concentrated in a limited number or types of Securities. In addition, a portfolio may become significantly concentrated in Securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose us to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Securities.

#### *Hedging Transactions*

We may utilize Securities for risk management purposes in order to: (i) protect against possible changes in the market value of our investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect our unrealized gains in the value of our investment portfolio; (iii) facilitate the sale of any Securities; (iv) enhance or preserve returns, spreads, or gains on any Security in our portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of our Securities; (vii) protect against any increase in the price of any Securities we anticipate purchasing at a later date; or (viii) act for any other reason that we deem appropriate. We may not be required to hedge any particular risk in connection with a particular transaction or portfolio generally. We may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it.

#### *Micro-, Small- and Medium-Capitalization Companies*

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger “blue-chip” companies. For example, prices of securities of micro-, small-, and medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies, and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. Finally, due to thin trading in the securities and investments of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

#### *ABS and MBS Subordinated Securities*

Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the attributes typically associated with equity investments.

#### *Commercial MBS*

Most commercial mortgage loans underlying MBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower’s assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss,



if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy.

#### *ABS*

ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of U.S. federal and state consumer loan laws, many of which give such debtors the right to set off certain amounts owed on credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

#### *RMBS*

Holders of residential mortgage-backed securities ("**RMBS**") bear various risks, including credit, market, interest rate, structural, and legal risks. RMBS represent interests in pools of residential mortgage loans secured by one to four family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the geographic area where the mortgaged property is located, the terms of the mortgage loan, the borrower's "equity" in the mortgaged property, and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

#### *American Depositary Receipts and Global Depositary Receipts*

American Depositary Receipts ("**ADRs**") are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. Global Depositary Receipts ("**GDRs**") are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities.

#### *Business Development Companies*

Investments in closed-end funds that elect to be treated as business development companies ("**BDCs**") may be subject to a high degree of risk. BDCs typically invest in small and medium-

sized private companies, and certain public companies, that may not have access to public equity markets for capital raising. As a result, a BDC's portfolio typically will include a substantial amount of securities purchased in private placements, and our portfolio may carry risks similar to those of a private equity or venture capital fund. Securities that are not publicly registered may be difficult to value and may be difficult to sell at a price representative of their intrinsic value. Small and medium-sized companies also may have fewer lines of business so that changes in any one line of business may have a greater impact on the value of their stock than is the case of a larger company.

Investments in closed-end funds are non-redeemable and are subject to the same risks as other publicly traded equity securities. There may be no public market for closed-end funds, which often trade at a discount from their net asset values.

#### *Collateralized Debt Obligations*

There are a variety of different types of collateralized debt obligations ("**CDOs**"), including CDOs collateralized by trust preferred securities and asset-backed securities and CDOs collateralized by corporate loans and debt securities called collateralized loan obligations ("**CLOs**"). CDOs may issue several types of securities, including, without limitation, CDO and CLO equity, multi-sector CDO equity, trust preferred CDO equity and CLO debt. CDOs are subject to credit, liquidity, and interest rate risks, which are each discussed in greater detail above. The CDO equity may be unrated or non-investment grade. If a Client is a holder of CDO equity, we will have limited remedies available upon the default of the CDO. We may be unable to find a sufficient number of attractive opportunities to meet an investment objective or fully invest committed capital.

#### *Convertible Securities*

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by us or a Client, is called for redemption, we will be required to permit the issuer to redeem the security, convert it into the underlying common stock, or sell it to a third party. Any of these actions could have an adverse effect on our ability to achieve our investment objective.

#### *Currencies*

A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by us are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex and difficult to predict factors such as money supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments from time to time intervene, directly and by regulation, in these markets, with the specific effect, or intention, of influencing prices which may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

#### *Debt Securities*

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties, and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

*Interest Rate Risk*

Changes in interest rates can affect the value of our investments in fixed-income instruments. Increases in interest rates may cause the value of a portfolio's debt investments to decline. We may experience increased interest rate risk to the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments), or debt instruments paying non-cash interest in the form of other debt instruments.

*High-Yield*

Bonds or other fixed-income securities that are "higher yielding" (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, we may have the ability to direct investment in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

*Corporate Debt*

Bonds, notes, and debentures issued by corporations may pay fixed, variable, or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, we may be paid interest in kind in connection with investments in corporate debt and related financial instruments (e.g., the principal owed in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, we may experience substantial losses.

*Mezzanine Debt*

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors, and employees. The ability of us to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company or similar event, debt investment therein will be subject to fraudulent conveyance, subordination, and preference laws.

*Stressed Debt*

Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of our credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

*Sovereign Debt*

Several factors may affect (i) the ability of a government, our agencies, instrumentalities or our central bank to make payments on the debt it has issued ("**Sovereign Debt**"), including securities that we believe are likely to be included in restructuring the external debt obligations of the issuer in question, (ii) the market value of such debt, and (iii) the inclusion of Sovereign Debt in future restructurings, including such issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of non-U.S. exchange available for external debt payments.

*Equitable Subordination*

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses our influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). If we engage in such conduct, we may be subject to claims from creditors of an obligor that debt held should be equitably subordinated.

*Call Options*

The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying Security above the exercise price of the option. The Securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing Securities to cover the exercise of an uncovered call option can cause the price of the Securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing our entire premium investment in the call option.

*Put Options*

The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying Security below the exercise price of the option. The buyer of a put option assumes the risk of losing our entire investment in the put option.

*Index or Index Options*

The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether we will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the

case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

#### *Index Futures*

The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market may cause price distortions. Additionally, successful use of index futures contracts by us are subject to our ability to correctly predict movements in the direction of the market.

#### *Credit Default Swaps*

Credit default swaps can be used to implement our view that a particular credit, or group of credit, will experience credit improvement or deterioration. In the case of expected credit improvement, we may sell credit default protection in which it receives a premium to take on the risk. In such instances, the obligation to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. Those who buy credit default protection with respect to a referenced entity should if, in our judgment, there is a high likelihood of credit deterioration. In such instances, there will be a premium regardless of whether there is a credit event.

#### *Futures Contracts*

The value of futures contracts depends upon the price of the Securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which our positions trade or of our clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limit. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

#### *Forward Contracts*

The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts, or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which we would

otherwise recommend, to the possible detriment of a portfolio. In our forward trading, there will be subject to the risk of the failure of, or the inability or refusal to perform with respect to our forward contracts by, the principals traded with. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them.

#### *Contracts for Differences*

Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive, from the buyer, the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket, or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. As is the case with trading any financial instrument, there is the risk of loss associated with trading a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the posting of additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honour our financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin, and adverse market movements against the underlying stock may require additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on an obligation to a counterparty under the CFDs and the return on related assets in a portfolio, the CFD transaction may increase financial risk.

#### *Exotic Options*

Exotic options are typically, but not always, traded over-the-counter (“OTC”). OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. We may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customised, there is lower visibility with respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility.

Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be “path dependent”. This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option’s terminal value depends upon the “path” taken by the underlying asset over the life of the option. The additional features incorporated by exotic options require additional judgments regarding the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the



exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

#### *Equity Securities Generally*

The value of equity securities of public and private, listed and unlisted companies, and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, an investor may suffer losses if it invests in equity instruments of issuers whose performance diverges from our expectations, or if equity markets generally move in a single direction and we have not hedged against such a general move. Equities may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

#### *Exchange-Traded Funds*

Exchange-Traded Funds (“ETFs”) are publicly traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying Securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying Securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades.

#### *Illiquid Securities*

Certain Securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such Securities. Valuation of such Securities may be difficult or uncertain because there may be limited information available about the issuers of such Securities. The market prices, if any, for such Securities tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid Securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of Securities eligible for trading on national securities exchanges or in the over-the-counter markets. They may not be readily disposed of and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, such Securities despite adverse price movements may be required to be held. Even those markets that are expected to be liquid can experience periods, possibly extended periods, of illiquidity.

#### *Initial Public Offerings*

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of a portfolio.

*Leveraged Loans*

“Leveraged loans” are loans made to companies with a below investment-grade rating from any nationally recognized rating agency. Such loans may be performing poorly when we acquire them. There is no assurance that we will correctly evaluate the value of the assets collateralizing such loans or the prospects for distribution on or repayment of such loans. We may lose our entire investment or may be required to accept cash, property, or securities with a value less than our original investment and/or may be required to accept payment over an extended period of time.

*Bank Loans*

Bank loans are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of us to directly enforce our rights with respect to participations. Successful claims by third parties arising from these and other risks will be borne by the portfolio.

*Second Lien Loans*

We may have the opportunity invest in loans that are secured by a second lien on assets. Second lien loans have been a developed market for a relatively short period of time, and there is limited historical data on the performance of second lien loans in adverse economic circumstances. In addition, second lien loan products are subject to intercreditor arrangements with the holders of first lien indebtedness, pursuant to which the second lien holders have waived many of the rights of a secured creditor, and some rights of unsecured creditors, including rights in bankruptcy that can materially affect recoveries. While there is broad market acceptance of some second lien intercreditor terms, no clear market standard has developed for certain other material intercreditor terms for second lien loan products. This variation in key intercreditor terms may result in dissimilar recoveries across otherwise similarly situated second lien loans in insolvency or distressed situations. While uncertainty of recovery in an insolvency or distressed situation is inherent in all debt instruments, second lien loan products carry more risks than certain other debt products. There can be no assurance that the market for second lien loans will not contract further.

*Bridge Loans*

It is a common practice for financial institutions to commit to providing bridge loans to facilitate acquisitions, including LBOs, where they serve as advisers to the purchaser. Bridge loans are frequently made because, for timing or market reasons, longer-term financing is not available at the time the funds are needed, which is often at the time of the closing of an acquisition. In the past, these commitments were not frequently drawn upon due to the availability of other sources of financing; however, due to market conditions affecting the availability of these other sources of financing (principally high-yield bond transactions), bridge loan commitments have been and may be drawn upon more regularly. Since these commitments were not regularly drawn upon in the past, there is little history for investors to rely upon in evaluating investments in bridge loans. Bridge loans often have shorter maturities. Borrower and lenders typically agree to shorter maturities based on the anticipation that the bridge loans will be replaced with other forms of financing within a shorter time period. However, the source and timing of such replacement financing may be uncertain and can be affected by, among other things, market conditions and the financial condition of the borrower at the maturity date of the bridge. If the borrower is unable to



obtain replacement financing and repay the bridge loan at maturity, the terms of the bridge loan may provide for the bridge loan to be converted to a longer-term loan. If bridge loans are not repaid (or cannot be disposed of on favourable terms) on the dates projected by us, there may be an adverse effect upon the ability of us to manage the assets in accordance with our models and projections or an adverse effect upon our performance and ability to make distributions.

#### *Mutual Fund Investments*

Investments in open-end as well as closed-end mutual funds generally involve the payment of duplicative fees through the indirect payment of a portion of the expenses, including advisory fees, of such mutual funds. Investments in mutual funds will be valued at the net asset values provided by those funds (which may in certain circumstances be unaudited valuations). Such investments may cause the expense of investing to be greater than an investment in other investment vehicles.

#### *PIPE Transactions*

Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a “PIPE” transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in us acquiring either restricted stock, or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of our investments.

#### *Preferred Stock*

Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency, or liquidation of the issuing company, and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer’s capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer’s board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer’s common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

#### *Reinsurance Transactions*

Reinsurance transactions include insurance-linked securities and insurance-linked derivatives. Insurance-linked securities are fixed income or equity securities for which the return of principal or invested capital and payment of interest or dividends are contingent on the occurrence or non-occurrence of specific natural or man-made perils such as hurricanes, earthquakes, or other physical or weather-related catastrophic events, aviation, or marine disasters and similar events. Insurance-linked derivatives are financial contracts in which the returns are linked to the same types of events as insurance-linked securities. Insurance-linked

investments are subject to relatively infrequent but severe losses resulting from the occurrence of one or more catastrophic events, such as hurricanes, windstorms, hailstorms, earthquakes, fires, explosions, severe winter weather, tsunamis, floods, riots, aviation disasters, or other physical or weather-related or man-made catastrophic events. The occurrence or non-occurrence of such catastrophic events can be expected to result in volatility with respect to our assets.

#### *Repurchase and Reverse Repurchase Agreements*

In a reverse repurchase transaction, we “buy” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements involves certain risks.

#### *Restricted Securities*

Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (e.g., under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

#### *Special Purpose Acquisition Companies*

A special purpose acquisition company (a “SPAC”) is a publicly traded company formed for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition, or other similar business combination, of one or more undervalued operating businesses. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline, (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC, (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in “blank check” companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules, (iv) such SPAC may only be able to complete one business combination, which may cause it to be solely dependent on a single business, (v) the value of any target company may decrease following our acquisition by such SPAC, (vi) the value of the funds invested and held in the trust decline, (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition, and (viii) if the SPAC is unable to consummate a business combination, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be comprised of hedge funds (at least at inception). To the extent that a SPAC completes a business combination, it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

#### *Structured Notes*

Structured notes, variable rate mortgage-backed, and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge.

#### *Undervalued Securities*

The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from our investments may not adequately compensate for the business and financial risks assumed.

#### *Unlisted Securities*

Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

#### *When-Issued and Forward Commitment Securities*

The purchase of securities on a "when-issued" basis involves a commitment by us to purchase or sell securities at a future date (typically one or two months later). No income accrues on securities that have been purchased on a when-issued basis prior to delivery; When-issued securities may be sold prior to the settlement date. If we dispose of the right to acquire a when-issued security prior to our acquisition, it may incur a gain or loss. In addition, there is a risk that securities purchased on a when-issued basis may not be delivered. In such cases, there may be a loss.

### **Item 9: Disciplinary Information**

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We have no disciplinary disclosures to make that are required in the Brochure.

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

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The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

We do not recommend or select other investment advisers for our clients.

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

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#### ***Code of Ethics***

Conegliano has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Additionally,

employees are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must, at all times, place the interests of the Clients first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics; and
- Employees should not take inappropriate advantage of their position at the Advisor.

### ***Personal Securities Trading***

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor or Client, upon request.

### ***Participation or Interest in Client Transactions***

Employees, affiliates of the employees, and relatives of the employees may make investments in the Fund. This may present a conflict where an employee is in a position to trade in a manner that could adversely affect the Fund (for example, by placing his or her own trades before or after Fund trades are executed in order to benefit from any price movements due to the Funds' investments). As indicated above, we have adopted a pre-clearance policy in an effort to minimize such conflicts.

### ***Item 12: Brokerage Practices***

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Conegliano may have the authority to determine any broker-dealers to be used for executing securities transactions. If such cases arise, in selecting broker-dealers to execute transactions, we do not need to solicit competitive bids, and do not have an obligation to seek the lowest available commission cost. Securities and other assets are held in securities accounts at prime brokers will be "Qualified Custodians" as defined in the Advisers Act.

### ***Best Execution***

In selecting an appropriate broker-dealer to effect a client trade, we will seek to obtain "**Best Execution**," meaning generally the execution of a securities transaction for a client in such a manner that a client's total costs or proceeds in the transaction are most favourable under the circumstances. Accordingly, in seeking Best Execution, we will take into consideration the price of a security offered by the broker-dealer, as well as a broker-dealers' full range and quality of their services including, among other things, their facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to us, brokerage and research services provided to us (for example, research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services.

***Soft Dollars***

Conegliano does not intend to use “**Soft Dollars**”, but may do so in the future. If we do engage in Soft Dollar transactions in the future, we intend to keep any such arrangements within the parameters of the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

Neither Conegliano nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, Conegliano may consider, among other things, capital introduction and marketing assistance with respect to investors in selecting or recommending broker-dealers for funds.

**Item 13: Review of Accounts**

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Our investment professionals continuously monitor and analyze the transactions, positions, and investment levels of each Clients’ portfolio, subject to each Agreement, to ensure that they conform with the investment objectives and guidelines that are stated in each Agreement. In these reviews, we pay particular attention to any changes in the investment’s fundamentals, overall risk management, and changes in the markets that may affect price levels.

***Account Reporting***

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of relevant Fund’s fiscal year end. We also may distribute other interim reports to Investors on an ad hoc basis.

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

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This Item is inapplicable.

**Item 15: Custody**

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If required, we will comply with Advisers Act’s “**Custody Rule**,” by meeting the conditions of the pooled vehicle annual audit and/or surprise audit provision. Annually, upon completion of the relevant Fund’s annual audit, we will distribute the Fund’s audited financials to Investors within 120 days of the Fund’s fiscal year end.

**Item 16: Investment Discretion**

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We will have full discretionary authority over the Funds including authority to make decisions with respect to which investments to be bought and sold, as well as the amount and price of those investments. These terms are established in the offering documents between the Fund and the Investor.

The Advisor may also have full discretionary authority over some, or all, of a Clients’ portfolio subject to the terms in each executed agreement.

**Item 17: Voting Client Securities**

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Although the Advisor does not anticipate they will have to vote proxy based on their services, to the extent that we are delegated proxy voting authority on behalf of any Client, we will comply with our proxy voting policies and procedures that are designed to ensure that such proxies are voted in the best interest of the Client(s). Generally, the Investors may not direct voting of proxies.

Upon request, we will provide Investors with a copy of our proxy voting policies and procedures and/or a record of all proxy votes cast by us.

**Item 18: Financial Information**

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This Item is inapplicable.