

Falcata Capital LLC

Part 2A of Form ADV

The Brochure

6700 Hollister Road
Houston, TX 77040

May 10, 2018

This brochure provides information about the qualifications and business practices of Falcata Capital LLC (“*Falcata*”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, Andrew Sutton, at 914-314-1507. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “*SEC*”) or by any state securities authority.

Being a “registered investment adviser” or describing Falcata as being “registered” does not imply a certain level of skill or training.

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

Item 2 Material Changes

Falcata Capital LLC (“*Falcata*”) is a registered investment adviser with the United States Securities and Exchange Commission (the “*SEC*”). Since Falcata’s initial Form ADV Part 2A (the “*Brochure*”), dated December 13, 2017, Falcata now provides nondiscretionary investment advisory and management services for Falcata Tech Investment Fund I. The Firm may further provide other ongoing disclosure information about material changes as necessary.

Item 3 Table of Contents

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

Item 4 **Advisory Business**

A. Background and Principal Owners

Falcata Capital LLC (“**Falcata**” or “**Manager**”), founded in 2017, operates as a private equity investment management firm targeting privately held middle market companies with a focus on technology enabled businesses. Falcata is headquartered in Houston, Texas and is managed by Robert T. Brockman and Robert D. Burnett and principally controlled by Robert T. Brockman II (collectively, the “**Principals**”). Falcata provides investment advisory and management services for separately managed accounts and private funds.

B. Types of Advisory Services

Falcata provides investment advisory and management services to a special purpose vehicle organized as a limited partnership, the Falcata Tech Investment Fund I (the “**Fund**”), which has one principal investor. An affiliate of Falcata acts as the general partner to the Fund. The Fund has a broad investment mandate, seeking medium and long-term capital appreciation by acquiring, holding and disposing of securities, independently or with others, through investments in the technology sector, primarily in the Americas. Falcata’s investment advisory services to the Fund includes sourcing, investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of portfolio companies, and advising the Fund as to disposition opportunities. Falcata tailors its advisory services to the Fund in accordance with the Fund’s investment strategy, as disclosed in the Fund’s management agreement and partnership agreement (the “**Governing Fund Documents**”). Principals and employees of Falcata may participate in the Fund through an investment directly or through the Fund’s general partner.

Falcata may in the future provide investment advisory and management services to other separate accounts (including those organized as special purpose vehicles) and/or commingled pooled investment funds, including those with a strategy similar to the Fund.

Additional specific details of the Manager’s current advisory services are set forth in the Fund’s Governing Fund Documents and are further described below in *Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss.”*

Falcata, through the Fund, may invest alongside strategic, financial or other third party co-investors, and may offer such persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside the Fund. Falcata currently does not manage any co-invest vehicles. Should Falcata manage co-invest vehicles in the future, the fee structure of a co-invest vehicle will typically differ from that of any principal investing vehicle (which shall initially be the Fund). Such co-invest vehicles typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the principal investing vehicle. Additional information surrounding conflicts of interest with respect to co-invest vehicles are further described below in *Item 10, “Other Financial Industry Activities and Affiliations.”*

C. Tailoring of Advisory Services

As noted in Item 4(B) above, Falcata tailors the advisory services provided to the Fund to meet the investment strategy set forth in the Fund’s Governing Fund Documents. In addition, in the case of the Fund, each investment by the Fund is subject to negotiated parameters and the prior consent of the Fund’s principal investor. With respect to any commingled pooled investment vehicle with multiple outside

investors (“**Investors**”) that may be established and managed by Falcata in the future, Falcata would not expect to tailor its advisory services to the needs of the individual Investors.

D. Wrap Fee Programs

Falcata does not offer or participate in wrap fee programs.

E. Assets under Management

As of the date of this Brochure, Falcata has \$1,005,000,000 under management. The Fund is managed on a non-discretionary basis. Falcata may have discretionary assets under management in the future through other clients.

Item 5 Fees and Compensation

A. Falcata Compensation

The Governing Fund Documents of the Fund set forth in detail the fee structure relevant to the Fund.

B. How Falcata Collects Fees

Falcata typically receives compensation from fees based on a percentage of assets under management, carried interest distributions, and payment of certain other fees or expenses as disclosed in the Governing Fund Documents.

As compensation for investment advisory services rendered to the Fund, Falcata receives a management fee based on capital commitments through the investment period (investment period is 5 years from the initial closing, or shorter depending on certain conditions as set forth in the Governing Fund Documents) and on funded capital thereafter. In general, the management fee will be 1.5% per annum, charged quarterly in advance. Such fee will be payable on a *pro rata* basis for any period that is less than a full quarterly period. Falcata or an affiliated entity, in its sole discretion, may waive or reduce the management fee in respect of any investment in the Fund by principals, employees or affiliates of Falcata, or relatives of such persons.

Falcata or an affiliated entity also receives a carried interest or other performance-based allocation from the Fund. The Fund will be subject to an “American Style” distribution “waterfall” under which capital contributions (in respect of realized investments and investments valued below cost) and an 8% preferred return on capital contributions for realized investments, investments carried below cost and allocated portions of expenses will be paid or returned to limited partners prior to 20% performance-based distributions being made to Falcata or an affiliated entity, subject to prior “catch-up” distributions to Falcata or an affiliated entity. The carried interest may be increased to 30% on certain investments subject to the return of all capital contributions and attainment of a specified level of investment performance. Falcata or an affiliated entity may, in its sole discretion, waive or reduce the carried interest or other performance-based distributions to be paid by any principals, employees or affiliates of Falcata, or relatives of such persons, in the event of their participation in the Fund. An additional discussion of carried interest distributions is included in *Item 6 – Performance-Based Fees and Side-by-Side Management* below.

Additional information surrounding conflicts of interest with respect to co-invest vehicles are further described below in *Item 10, “Other Financial Industry Activities and Affiliations.”*

Prospective investors in any Falcata managed investment vehicle should review carefully the relevant governing documents for such vehicle to fully understand all of the fees and expenses that apply and will be indirectly borne by such investors.

C. Other Fees and Expenses

The Governing Fund Documents set forth in detail the costs and expenses to be borne by the Fund. In general, all costs and expenses related to the Fund’s operations will be borne by the Fund, including fees, costs and expenses related to the evaluation, purchase, holding and sale of portfolio investments (to the extent not reimbursed by a portfolio company or other party); expenses incurred in connection with transactions not consummated; travel and entertainment expenses related to the foregoing (including, as may be applicable, business class flights); insurance premiums; taxes, including the

preparation of the Fund's financial statements, tax returns and Schedule K-1s, and the representation of the Fund or the limited partners regarding tax matters; custodial, banking and administration expenses; appraisal and valuation expenses; fees and expenses of accountants, counsel and consultants; costs and expenses of any annual meetings; certain regulatory and compliance expenses as relates specifically to the Fund and its portfolio companies, including Form PF, U.S. Treasury forms and FATCA compliance, but excluding the costs of the Manager's general compliance with the Investment Adviser's Act of 1940 (the "*Advisers Act*"); litigation expenses; costs of winding up and liquidating the Fund; and other extraordinary expenses.

Falcata does not expect to charge portfolio companies directors' fees, transaction fees, monitoring fees, advisory fees, break-up fees and other similar fees. To the extent that any such fees are received, Falcata expects to reduce the management fee by an amount equal to 100% of such fees, net of any unreimbursed expenses incurred by Falcata in connection with unconsummated transactions.

The Fund will bear all legal and other expenses incurred in the formation of the Fund and the offering of the Fund's interests (other than any placement fees).

Generally, Falcata or an affiliated entity will pay the compensation and overhead expenses of the personnel who act on their behalf. In the event that certain personnel expenses would qualify as expenses reimbursable by the Fund under the terms of the Governing Fund Documents, Falcata may seek reimbursement at cost for such services, including apportioned employment costs and related overhead expenses, as reasonably determined by Falcata, provided that such reimbursements would not exceed the amount payable if such services were provided by third parties on an arms' length basis.

To the extent that any fees, costs and expenses are to be incurred for the benefit of more than one investment vehicle (should Falcata advise additional investment vehicles in the future), Falcata may allocate such expenses amongst the Fund and any such additional investment vehicles (or, in certain cases, amongst the relevant investment vehicle and Falcata). Any such allocation would be made on a basis reasonably believed by Falcata to be fair and equitable based on relevant facts, such as the relative size of the participating investment vehicle, the activity of the investment vehicle and the particular circumstances that caused the expense to be incurred with respect to each entity. Falcata will evaluate, and change, any such allocation practices to ensure that such allocation is based on a sound method.

D. Advance Payment

Fund management fees are payable quarterly in advance until the termination of the Fund. Installments of the management fee payable for any period other than a full quarterly period will be adjusted on a pro rata basis according to the actual number of days in such period.

E. Compensation for Sales of Securities

Neither Falcata nor any of its supervised persons accepts compensation for the sale of securities or other investment products at the current time.

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

As described in *Item 5 – Fees and Compensation* above, Falcata advises the Fund in which Falcata or an affiliated entity will receive a performance-based distribution in the form of a carried interest based on a share of the fund's profits on distributions derived from the disposition of investments. Falcata may in the future advise other separate accounts (including those organized as special purpose vehicles) and/or raise commingled pooled investment vehicles in which, in each case, performance-based compensation is earned. See *Item 10, "Other Financial Industry Activities and Affiliations*.

Such carried interest may create an incentive for Falcata to make investments on behalf of an investment vehicle that are riskier or more speculative than would be the case if Falcata did not charge carried interest based on investment profits. In addition, the method of calculating the carried interest may result in conflicts of interest between Falcata or the affiliated entity, on the one hand, and investors in Falcata managed investment vehicles, on the other hand, with respect to the management and disposition of investments, including the timing and sequence of such dispositions. However, Falcata believes this incentive will be mitigated by the personal investment by the general partner of the Fund and the fact that losses will reduce the performance of the Fund and thus, Falcata's or the affiliated entity's compensation. Falcata will also seek to address these potential conflicts through careful vetting of investment opportunities by Falcata's investment professionals and full disclosure of investments to investment vehicle investors by way of periodic reporting.

If Falcata were to advise additional clients (in addition to the Fund) in the future, Falcata may be incentivized to favor one client over another if the calculation of incentive distributions differed between the clients. As discussed in *Item 10*, Falcata is highly focused on managing conflicts of interest. Falcata has adopted policies and procedures designed to address and mitigate potential conflicts of interest in respect of any side-by-side investment management activities should they occur. See *Item 10, "Other Financial Industry Activities and Affiliations*.

Item 7 Types of Clients

As noted in *Item 4*, Falcata initially provides portfolio management services to the Fund. In the future, the Manager may also provide portfolio management services to other separate accounts (including those organized as special purpose vehicles) and/or commingled pooled investment vehicles that operate as exempt investment pools under the Investment Company Act of 1940, as amended. Clients and investors in Falcata managed investment vehicles may include individuals, banks or thrift institutions, sovereign wealth funds, pension and profit-sharing plans, trusts, estates, charitable organizations or other corporations or business entities and also may include, directly or indirectly, principals or other employees of Falcata. Details concerning applicable suitability criteria and minimum investment commitments will be set forth in the governing documents for the relevant investment vehicles.

Falcata or its affiliates, in their sole discretion, may determine to enter into side letter agreements ("*Side Letters*") with individual investors that have the effect of establishing rights under, or altering or supplementing the terms of, Falcata managed investment vehicles with respect to such investors that differ from those applicable to other investors in the same vehicle. Such terms may apply to (i) economic arrangements (including alternative fee or other compensation arrangements), (ii) opting out of particular investments, (iii) reporting obligations of the investment vehicle, (iv) transfer to affiliates, (v) co-investment opportunities, (vi) withdrawal rights due to adverse tax or regulatory events, (vii) consent rights to certain amendments or (viii) any other matters described therein. If Falcata or an affiliate enters into a Side Letter entitling an investor to opt out of a particular investment or withdraw from an

investment vehicle, any election to opt out or withdraw by such investor may increase any other investors' *pro rata* interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal).

The Fund's principal investor qualifies as both an "accredited investor," as defined under the Securities Act of 1933, as amended (the "***Securities Act***"), and a "qualified client," as defined under the Investment Advisers Act, as amended, and future clients and investors in Falcata managed investment vehicles will be similarly qualified. Generally, an "accredited investor" includes (a) a person with an individual net worth, or joint net worth with the person's spouse, that exceeds \$1,000,000 (excluding the value of such persons primary residence) and (b) a person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year. A "qualified client" generally includes a person who has not less than \$1,000,000 in investments with Falcata or a person with an individual net worth, or joint net worth with the person's spouse, that exceeds \$2,100,000.

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

A. Analysis and Strategies

Falcata, through the Fund, is primarily focused on middle market and lower-middle market technology investing. Falcata, through the Fund, seeks to provide transformational capital in situations involving operational complexity, strategic change or other business inflection points. The Fund typically will invest in public company buyouts, divisional spinouts, private company recapitalizations, growth equity and sponsored M&A transactions. Future investment vehicles managed by Falcata may employ a similar strategy.

Falcata believes that the Principals' experience investing in and operating companies in the technology sector, and the network of industry contacts developed over that period, will enable Falcata to identify suitable investment opportunities for the Fund. Falcata conducts rigorous due diligence on each prospective portfolio company, which involves, among other things, inspecting the books and records of the company, interviewing management, and analysis of the company and its performance within the North American technology sector. Falcata may also consult with professional advisors, including lawyers, accountants and tax professionals, in the course of evaluating or making a transaction.

Investing in securities involves the risk of loss. The purchase of interests in a Fund or any other Falcata managed investment vehicle involves a number of significant risks, including but not limited to those listed below, that should be carefully considered by potential clients and investors before making any investment with Falcata. Additional risks factors will be disclosed in the governing documents of the relevant investment vehicle. As a result of these risks, and other risks inherent in any investment, there can be no assurance that such vehicle will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital. The possibility of partial or total loss of capital exists and clients and investors must be prepared to bear capital losses that might result from investing in a Falcata managed investment vehicle.

B. Material Risks

Certain Economic Risks Relating to the Fund

Nature of Investment

An investment in the Fund requires a long-term commitment, with no certainty of return. Although some investments may generate current income, many investments will generate little or no near-term cash flows to investors as a return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize returns on such investments in a timely manner. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in kind to investors. Additionally, the Fund typically will acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. Certain of the Fund's investments may be in businesses with little or no operating history. Certain of the Fund's investments may be in businesses with high levels of debt or may be investments in leveraged acquisitions; leveraged acquisitions by their nature require companies to undertake a high ratio of fixed charges to available income. Leveraged investments are inherently more sensitive to declines in revenues and to increases in expenses. The Fund's investments will be concentrated in the technology industry; therefore, adverse changes in the industry could materially adversely affect the Fund. Since the Fund may only make a limited number of investments, and since the Fund's investments generally will involve a high degree of risk, poor performance by a small set of the investments could severely affect the total returns to the investors.

Certain of the Fund's investments may be in businesses operating or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. For instance, investments in non-U.S. businesses (i) may require significant government approvals under corporate, securities, exchange control, non-U.S. investment and other similar laws and regulations, (ii) may require financing and structuring alternatives and exit strategies that differ substantially from those commonly used in the United States and (iii) will expose the Fund to potential losses arising from changes in foreign currency exchange rates. The foregoing factors may increase transaction costs and adversely impact the value of the Fund's investments in non-U.S. portfolio companies.

Concentration of Investments and Risks Inherently Associated with Technology Companies.

The Fund will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time). As a result, the Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. The Fund will typically focus on investments in technology companies. Instability, fluctuation or an overall decline within the technology industry will likely not be balanced by investments in other industries not so affected. In the event that the technology sector as a whole declines, returns to the Fund investors may decrease.

Technology companies often face specific risks which the Fund will be exposed to by concentrating its investment strategy in such companies. Such risks typically include: (1) rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of

lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology sector investments.

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a company's technologies, or allege patent infringement by a portfolio company. Piracy or any such allegations may adversely affect portfolio company revenue, particularly outside the U.S. in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

Cybersecurity Risks.

Operating companies are subject to ongoing cybersecurity risks. To the extent that a Fund portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, and therefore the Fund, to substantial losses.

In addition, Falcata, the Fund's service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and its investors, despite the efforts of Falcata and the Fund's service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Falcata, the Fund's service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Falcata's systems to disclose sensitive information in order to gain access to Falcata's data or that of the Fund's investors. A successful penetration or circumvention of the security of Falcata's systems could result in the loss or theft of an investor's data or fund, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Fund, Falcata or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Valuation

Due to the nature of Falcata's anticipated investments, as described above, the valuation of such investments may involve uncertainties and judgments, and if such valuations should prove to be incorrect, the net asset value of the Fund could be adversely affected.

Competitive Nature of Falcata's Business

Falcata will be competing for investment against other groups, including other private equity investment and hedge funds, large and well-capitalized industrial groups and operators and strategic companies. Some of these competitors could have financial and strategic resources significantly in excess of those of Falcata, may be willing to provide financing and other operational assistance to technology companies on more favorable terms than Falcata and may make competing offers for investment opportunities that are identified by Falcata. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Fund and adversely affecting the terms upon which investments can be made. Consequently, Falcata may be unable to identify a sufficient number of attractive investment opportunities for the Fund to meet their investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the board of directors or owners of an acquisition target, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Falcata or the general partner of the Fund.

Dependence on Key Personnel

The success of the Fund will depend in substantial part on the skill and expertise of the Principals and other employees of the Manager. There can be no assurance that the Principals or other employees of the Manager will continue to be employed by the Manager throughout the life of the Fund. The loss of key personnel could have a material adverse effect on the Fund.

Lack of Operating History

Although certain Falcata employees have had extensive experience in the software sector, Falcata will have a limited operating history upon which to evaluate its performance.

Restrictions on Transfer and Withdrawal

Interests in the Fund have not been registered under the Securities Act or any other applicable securities laws. There is no public market for these interests and none is expected to develop. In addition, these interests will not be transferable, and are subject to the terms and conditions of the Governing Fund Documents.

Lack of Diversification

The Fund will initially concentrate their investments in a limited number of entities engaged in the ownership, operation and development of technology companies and related assets. The Fund's investments will not be broadly diversified within this asset class. The Fund may, therefore, be subject to greater risk of loss than a more broadly diversified fund.

Investments in Leveraged Companies

The Fund may invest in securities of highly leveraged companies. While these investments are likely to be particularly risky, they also may offer the potential for correspondingly high returns. In addition, each of the Fund's portfolio companies or their assets may be pledged to third parties, including senior lenders and could be foreclosed upon or otherwise acquired by such parties under certain circumstances, including an incipient or un-remedied default. Under certain circumstances, payments to the Fund and distributions by the Fund to investors may be reclaimed if any such payment is later determined to have been a preferential payment.

Third Party Co-Investors

The Fund may invest alongside strategic, financial or other third party co-investors. The Fund's ability to achieve certain co-investment objectives assumes that Falcata will be able to identify such co-investors and to negotiate and execute mutually acceptable terms and conditions in respect thereof. Such investments will involve additional risks which may not be present in investments which do not involve a co-investor, including the possibility that a co-investor may at any time have economic or business interests or goals that are not consistent with those of the Fund, may be in a position to take action contrary to the Fund's investment objectives, or may default on its obligations. While the Fund intends to mitigate these risks contractually through co-investment agreements, there can be no assurance that it will be successful in doing so. In addition, under certain circumstances the Fund may be liable for actions of its co-investors. To reduce the possibility of liability, the Fund will seek to hold its assets through limited liability entities and, where appropriate, obtain indemnities from its co-investors.

Reliance on Management of Portfolio Companies

While it is the intent of Falcata to invest in companies with proven operating management in place, there can be no assurance that such management will continue to operate successfully. Although Falcata will monitor the performance of each investment, the Fund will rely upon management to operate the portfolio companies on a day-to-day basis.

Distributions in Kind

Although, under normal circumstances, the Fund intends to make distributions in cash, it is possible that under certain circumstances (including the liquidation of the Fund), distributions may be made in kind and could consist of securities for which there is no readily available public market.

Risks upon Disposition of Investments

In connection with the disposition of an investment in a portfolio company, the Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Fund may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by Fund investors. The Governing Fund Documents contain provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by investors to the extent that they have received distributions from the Fund, subject to certain limitations.

Certain Tax Risks

The distributive share of the taxable income of Fund investments allocated to the Fund will in turn be taxable to the Fund's investors, even if investors do not receive corresponding cash distributions. Because the Fund's tax return is prepared using the tax information passed through to it by its investee entities, any delay in the Fund's receipt of such tax information could cause a corresponding delay in the receipt of the Fund's tax information.

Item 9 Disciplinary Information

In the past ten years, the have been no legal or disciplinary events involving Falcata or any of its employees that would be material to a Falcata client or investor's evaluation of Falcata.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Falcata is not registered as a broker-dealer or a registered representative of a broker-dealer, nor does it have any pending application to register.

B. Futures and Commodities Registration

Falcata is not registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or associated party of any of those, nor does it have any pending application to register as such.

C. Related Persons

Falcata serves as the manager of the Fund and, either directly or through affiliated entities, serves as the general partner (or in a similar capacity) to the Fund.

D. Conflicts of Interest

The Manager will not be compensated for recommending or selecting other investment advisers for its clients. The Manager also has no other business relationships with such advisers that will create a material conflict of interest.

The advisory agreement between Falcata and/or its affiliates and the Fund requires Falcata and its affiliates to act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to such clients but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to its Fund or any restrictions on the nature or timing of investments for the proprietary account of Falcata, its affiliates or their respective principals, or for other accounts which Falcata or its affiliates may manage. Falcata professionals are not obligated to devote any specific amount of time to the affairs of the Fund, and Falcata and its affiliates are not required to accord exclusivity or priority to the Fund in the event of limited investment opportunities. Advisory agreements in respect of future Falcata managed investment vehicles are anticipated to have similar terms.

In the future, the general partner of the Fund may form co-invest vehicles managed by Falcata, including where a Fund transaction would require more capital than would be permitted under diversification or other limits as set forth in its offering documents or where the general partner determines that a full allocation to the principal investing vehicle (which initially will be the Fund) is not appropriate based on reasonable factors (which are consistent with the Governing Fund Documents in the case of the Fund). Such co-invest vehicles may invest in portfolio companies in which the Fund or another Falcata managed investment vehicle will make or has made an investment. Should Falcata form co-invest vehicles, the fee structure of co-invest vehicles is expected to differ from a principal investing fund managed by Falcata.

If fee structures differ between Falcata managed investment vehicles, such as between a principal investing fund and a co-invest vehicle or between concurrently investing principal investing funds, conflicts of interests could arise in respect of such situation, including (1) the possibility of Falcata taking greater risk for an investment vehicle where it earns performance based compensation, (2) the possibility that fees charged to fee paying clients could be set at a higher level to account for lower or no fees charged at another vehicle and (3) the possibility that the adviser would favor fee paying clients in respect

of investment allocations. Initially, such conflicts will in fact be mitigated due to the fact that the Fund will be Falcata's only managed investment vehicle.

In the event that in the future Falcata were to manage more than one principal investing vehicle which concurrently invest and have overlapping strategies and investment periods, Falcata will maintain written allocation protocols and policies setting forth pre-determined criteria and allocate investment opportunities in a fair and equitable manner based on such written protocols. Among other things, such protocols would provide that investments are appropriately allocated in a manner consistent with the investment strategy (including risk and return profile) of an applicable principal investing vehicle.

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

Falcata has a fiduciary responsibility to treat its clients fairly and to avoid actual or potential conflicts of interest. The employees of Falcata has an obligation to act solely in the best interests of Falcata's clients and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of Falcata or its employees.

A. Code of Ethics

Falcata is adopting a written Code of Ethics to ensure that Falcata fulfills its role as a fiduciary to clients. The Code of Ethics is designed to address and avoid potential conflicts of interest and is applicable to all employees. The fiduciary principles that govern personal investment activities of employees are, at a minimum, the following: (1) to place the interests of clients first at all time; (2) to conduct personal securities transactions in a manner that is consistent with Rule 204A-1 of the Advisers Act and in such a manner so as to avoid any actual or potential conflict of interest, or any abuse of an individual's position of trust and responsibility; and (3) to provide clients with advisory services in a way that never takes inappropriate advantage of Falcata's position. Falcata has a policy that the interest and privacy of clients always comes first and all employees will conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing. Employees who do not comply with the Code of Ethics may be subject to disciplinary actions as severe as dismissal for certain infractions.

Should any potential conflicts of interest arise or should any violations of the Code of Ethics occur, employees have an ongoing responsibility to report such conflicts or violations to the Chief Compliance Officer, who will address such conflicts or violations on a case-by-case basis.

A copy of Falcata's Code of Ethics is available upon request by a Falcata client or investor or a prospective client or investor from the Chief Compliance Officer.

B. Participation or Interest in Client Transactions

The general partner of the Fund has a direct investment in the Fund, and Falcata Principals and other professionals may also invest in the Fund through the general partner. By virtue of the foregoing, Falcata's related persons will indirectly participate in every transaction made by the Fund. While investments by related persons of Falcata are intended to align interests of Falcata and its related persons with those of the Fund, such investments may create conflicts of interest. To address any such conflicts, the investment arrangements are described and agreed upon in the Governing Fund Documents of the Fund. Generally, investments and disposals by the Fund are made on the same economic terms in respect of all investors therein, including for Falcata's related persons investing directly or through the general partner, and each investment is made pro rata among the investors, including investors that are related persons of Falcata, so that Falcata's related persons may not receive favorable terms or greater exposure to certain investments through the any Fund.

The initial investment of the Fund is an investment owned or "warehoused" pending launch of the Fund by a company affiliated with the Principals and owned by the principal investor in the Fund. The transfer of such investment to the Fund will be on terms (including price) that have been fully disclosed to, and expressly approved by, the principal investor in the Fund (which is required to approve all Fund investments).

Except as may be set forth above, Falcata will not recommend that its Fund invest in securities in which any related person has a material prior financial interest.

C. Personal Securities Investing

Under certain circumstances, related persons of Falcata employees may also be offered the opportunity to co-invest in individual transactions entered into by the Fund or other Falcata managed investment vehicles. Such co-investment rights may result in the relevant investment vehicle investing less capital than it otherwise would have in such transactions. Each such related personal transaction would be separately identified and made strictly in accordance with the Code of Ethics and the Governing Fund Documents. Such co-investment opportunities may only be offered if Falcata determines that such co-investment is consistent with Falcata's fiduciary duty to its clients.

D. Personal Securities Trading

As discussed in Item 11(c) above, Falcata has put procedures in place to adequately monitor the personal securities transactions entered into by its employees and related persons. In addition, to avoid the misuse of material non-public information or confidential client information, Falcata will maintain a restricted list of securities in which Falcata and its employees may not trade.

Item 12 **Brokerage Practices**

A. Selection of Broker-Dealers

As noted in Item 4, Falcata will primarily offer investment advice with regard to a broad range of technology-related private investments, rather than advice and execution with respect to securities traded through broker. To the extent Falcata transacts in public securities (*e.g.*, on an exit or partial exit), or transacts in other non-private equity investments (*e.g.*, certain derivatives used for hedging purposes), Falcata will seek to obtain best execution. Thus, Falcata, as a matter of policy, does not expect to enter into soft dollar arrangements with respect to transactions for the Fund. If Falcata determines to use soft dollars in the future, it will endeavor to do so within the “safe harbor” provided by Section 28(e) of the Securities and Exchange Act of 1934 and implement appropriate policies and procedures at that time. Although Falcata may receive proprietary research from certain brokerage firms, it will not take the value of such research into account when selecting a broker. Instead, Falcata will select a brokerage firm that it believes is in the best interest of the Fund.

B. Aggregation of Securities for Client Accounts

Due to the nature of its business, Falcata does not expect to be aggregating the purchase and sales of securities on behalf of the Fund or other Falcata managed investment vehicles in a manner applicable to investment managers that manage public securities for multiple client accounts. However, Falcata may do so in the future. If aggregation of orders of public securities were done, investment vehicles participating in aggregated trades would be allocated securities based on the average price achieved for such trades.

Item 13 Review of Accounts

A. Periodic Review of Client Accounts

All investments are and will continue to be carefully reviewed by the Principals prior to any investment being made on behalf of the Fund or any other Falcata managed investment vehicle. The Principals will meet regularly to monitor portfolio company activities and discuss other matters related to current portfolio company holdings, such as market outlook and company fundamentals, including the evaluation of additional investment opportunities in the case of the Fund. These professionals will monitor operations, financial performance and strategic direction of each investment.

B. Frequency of Review

The Principals will meet on a periodic basis at Falcata's discretion. Items and matters which the Principals will consider and act on include, but are not limited to, potential conflicts of interest and methods of valuation.

C. Reports to Clients regarding their Accounts

In respect of the Fund, Falcata will provide investors with (i) audited annual financial statements of the Fund; (ii) quarterly statement of capital account related to investments in the Fund; (iii) a quarterly report containing an overview of the investment activity of the Fund, including valuations; and (iv) on an annual basis, such other information as is necessary for the preparation of tax returns.

Item 14 Client Referrals and Other Compensation

A. Other Compensation

No person, other than the Fund, will provide an economic benefit to Falcata in exchange for providing investment advice or other advisory services to the Fund.

B. Client Referrals

In certain circumstances in the future, Falcata may, pursuant to a written agreement, compensate third parties for introducing prospective investors to investment vehicles managed by Falcata. Such compensation will be paid in compliance with applicable SEC rules and other applicable laws and regulations.

Item 15 Custody

Falcata is deemed to have custody of Fund assets under Rule 206(4)-2 of the Advisers Act because of the authority that Falcata and/or its affiliates have over those assets. All Fund assets that are not exempt under Rule 206(4)-2 will be maintained at a qualified custodian who provides statements to the Fund and to Falcata on a regular basis. The Fund is subject to an annual audit by an independent public accountant that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and will be distributed to Fund investors within 120 days of the Fund's fiscal year end.

Item 16 Investment Discretion

As dictated by the Governing Fund Documents with respect to the Fund, Falcata is required to obtain approval from the Fund's principal investor with respect to Falcata's investment decisions; accordingly Falcata manages the Fund on a non-discretionary basis. In respect of separate accounts (including those formed as special purpose vehicles) or pooled investment vehicles that may be launched and managed by Falcata in the future, such vehicles may be managed on a discretionary basis. Prospective investors will be provided with the relevant governing documents for any such vehicle prior to their investment and will be encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors will also be required to execute a subscription agreement, in which they will make various representations including representations regarding their suitability to invest in that privately placed investment vehicle.

Item 17 Voting Client Securities

Falcata, through the Fund, will invest primarily in private companies which typically do not issue proxies. On occasion, Falcata may invest in private companies that go public, in which case such companies will issue proxies. Falcata will adopt proxy voting policies and procedures designed to ensure that Falcata votes proxies in the best interest of its clients. Falcata will maintain a record of all proxies voted on behalf of the Fund. Falcata clients or investors may contact Falcata for a copy of its proxy voting policy or for information with respect to a specific vote.

As is typical of private equity investing, Falcata expects to generally approve one or more of its employees to act as representatives on the board of directors of portfolio companies on behalf of the Fund. In situations where Falcata votes the proxy for a company for which an employee or employees of Falcata serve on the board of directors, Falcata has determined that this does not inherently present a conflict of interest as (a) the employee is on the board of directors as a representative of the Fund and (b) the sole purpose of this representation is to ensure that the Fund's interests are protected. Therefore, Falcata believes the interests of the Fund and of these representatives will be aligned with respect to proxy voting and otherwise. If a situation arises where a conflict with respect to proxies occurs, Falcata will take appropriate steps to resolve such conflict.

Item 18 Financial Information

A. Prepayment of Fees

Falcata does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. Financial Condition

Falcata is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

C. Bankruptcy

Falcata has never been the subject of a bankruptcy petition.