

Part 2A of Form ADV Firm Brochure

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This brochure provides information about the qualifications and business practices of Lee Capital Asset Management LLC (“**LCAM**,” “**us**,” “**we**,” and “**our**”). If you have any questions about the contents of this brochure, please contact us at 212-888-1500. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

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

We refer to ourselves as a “registered investment adviser”. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2. Material Changes

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 our brochure - when amended in conjunction with our annual update - contains material changes from our last annual update, we are required to identify and discuss those changes.

The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents (as defined in Item 4 below). In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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Item 4. Advisory Business

Description of Advisory Business

Lee Capital Asset Management LLC

Lee Capital Asset Management LLC ("**LCAM**," "**us**," "**we**," and "**our**") is a Delaware limited liability company formed in 2017 and located in New York, New York. LCAM provides discretionary investment advice to a private investment fund, Lee Absolute Return Strategy LP (the "**Fund**"), a proprietary account, and certain other clients, including separately managed accounts ("**separate accounts**"). LCAM previously operated in accordance with Section 202(a)(11)(6) of the Investment Advisers Act of 1940 (the "**Advisers Act**"), the so-called "family office" exemption from investment adviser registration. Mr. Thomas H. Lee (the "**Principal**") is the managing member and principal owner of LCAM.

Lee Capital Asset Holdings LLC

Our registration on Form ADV also covers Lee Capital Asset Holdings 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 it serves as the general partner of the Fund. The General Partner's facilities and personnel are provided by LCAM. The Principal is the managing member and principal owner of the Fund General Partner.

Types of Clients

LCAM generally provides discretionary investment advisory services to each client in accordance with the terms and restrictions of such client's offering memorandum, limited partnership agreement, investment advisory agreement, investment management agreement and other governing agreements and documents (for the private fund, the "**Fund Governing Documents**", and collectively, the "**Governing Documents**"). These investment advisory services include advice with respect to a broad range of domestic and foreign securities and instruments and other assets, as discussed below. With regard to the Fund, investment advice is provided by LCAM directly to the Fund, subject to the direction and control of the General Partner.

The Fund is exempt from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), pursuant to Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act.

Types of Services Offered

LCAM provides discretionary investment advice primarily with respect to a broad range of domestic and foreign equity securities and instruments in a variety of forms. As a general matter, LCAM's investment program seeks strong risk-adjusted returns in the equity and equity-related markets by utilizing a structured and repeatable investment process, which combines deep fundamental research and analysis with a quantitative valuation framework. The strategy's primary area of focus is a universe of asset-light and tech-enabled businesses, across multiple sectors, including, but not limited to, financial technology, application software, and business services.

The respective strategies that may be used by LCAM are described in the respective Governing Documents and, for each client that is a private fund, are described in the Fund Governing documents.

Side Letter Agreements

The Fund, and in certain cases LCAM, will have the discretion to waive or modify the application of, or grant special or more favorable rights with respect to, any provision of the Governing Documents to the extent permitted by applicable law. To effect such waivers or modifications or the grant of any special or more favorable rights, the Fund may create additional classes of interests for certain limited partners that provide for, among other things, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than may be provided to other limited partners, (iv) different fee or incentive compensation terms, (v) more favorable transfer rights and (vi) key-person notifications. Certain such waivers, modifications or grants of special or more favorable rights may also be effected by the Fund, and, in certain cases, LCAM, through agreements ("**Side Letter Agreements**") or other arrangements with third parties. Although certain limited partners may invest in the Fund with different material terms, the Fund and LCAM generally will only offer such terms if they believe other limited partners of the Fund will not be materially disadvantaged.

Wrap Fee Programs

We do not participate in wrap fee programs.

Assets Under Management

As of April 1, 2018, LCAM managed \$90,520,889 of client assets on a discretionary basis. LCAM does not manage client assets on a non-discretionary basis.

Item 5. Fees and Compensation

Management Fees

LCAM generally receives management fees from our clients in exchange for our investment management services. The amount of management fees which our clients pay to us are provided for in their limited partnership agreements and/or the investment management agreements that they enter into with us.

The Fund generally will pay LCAM a fee for its services (the "**Management Fee**") on a monthly basis equal to the Management Fee Rate, as defined below, of the beginning net asset value of each capital account for each Fund investor for such month. The Fund may also pay performance-based compensation as described in Item 6 below. The Management Fee will be calculated and paid in advance but will be amortized monthly by the Fund over the month for which such Management Fee is paid. Management Fees are typically paid by deducting the amount of the fee from the applicable capital account.

The "Management Fee Rate" ranges from 0% to 0.125% (0% to 1.5% annualized).

In the event of a withdrawal by a limited partner other than as of the last day of the month, LCAM will pay to the Fund an amount equal to the pro rata portion of the Management Fee, based on the actual number of days remaining in such month, and the Fund will distribute such amount to the withdrawing limited partner.

In the sole discretion of the General Partner, the Management Fee may be waived, reduced or calculated differently with respect to a capital account(s) of any investor, including, without limitation, an investor that is a member, partner, affiliate or employee of the General Partner or LCAM, a member of the immediate family of such a person or a trust or other entity for the benefit of such a person. The General Partner's capital account will not be debited for any Management Fee.

Separate accounts generally will be charged by LCAM an advisory fee ranging from 0% to 2.0% of the net asset value of each separate account on an annualized basis. Such advisory fees are for advisory services only and do not include custodial fee, transaction expenses or any other similar fees or expenses.

Fees charged to LCAM's clients are subject to negotiation, and existing accounts may be paying higher or lower rates than those described above.

Other Fees

The Fund will bear their own expenses, including, without limitation, investment expenses (e.g., execution, outsourced trading, give-up, exchange, clearing, settlement, clearinghouse, principal and regulatory commissions, fees and expenses; delivery, custody, storage, warehousing and escrow expenses; shipping surcharges; customs levies; offloading charges; handling fees; grading fees; assay charges; interest and borrowing charges on margin accounts, borrowed money and other indebtedness; bank, broker and dealer service fees; expenses relating to short sales; and related expenses and costs), professional fees (including, without limitation, expenses of consultants and experts' fees), legal expenses (including, without limitation, any legal expenses relating to regulatory filings in connection with the Fund), the Management Fee, fees of the administrator, research fees and expenses (including execution and portfolio management systems), internal and external accounting, audit and tax preparation expenses, costs of printing and mailing reports and notices, taxes, corporate licensing, regulatory expenses (including filing fees), organizational expenses, expenses relating to the offer and sale of Fund interests, expenses relating to insurance (including directors' and officers' insurance, errors and omissions insurance and other similar policies), other similar expenses and extraordinary expenses.

Generally, Fund expenses, other than the Management Fee and any expenses that the General Partner determines should be allocated to a particular partner or partners (e.g., investor-related taxes), will be charged to the capital accounts of all the partners on a pro rata basis. To the extent that expenses to be borne by the Fund are paid by the General Partner or LCAM, the Fund will reimburse such party for such expenses.

The Fund does not have a pre-determined limits on their ordinary or extraordinary operating expenses. The Fund's actual annual operating expenses are disclosed in the Fund's year-end audited financial statements, which are provided to each limited partner.

Separate account clients may bear other fees and expenses, including but not limited to custodian fees, financing fees and transaction costs, in addition to the advisory fees noted above. These separate account clients will also incur brokerage costs associated with transactions conducted for their accounts (please review Item 12 Brokerage Practices for further information).

Subject to any relevant restrictions or other limitations contained in the Governing Documents, LCAM will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion.

LCAM and its affiliates may from time to time incur fees and expenses on behalf of clients for the benefit of clients, which fees will ultimately be expenses to clients. LCAM will attempt to allocate such expenses on a basis that it considers fair and equitable over time. In exercising such discretion, LCAM may be faced with a variety of potential conflicts of interest.

LCAM and its affiliates may compensate third parties, including brokers, placement agents and others, in connection with the solicitation of prospective clients and investors. Such referral fees may be a percentage of such client's or investor's assets under management, Management Fees and/or performance-based compensation earned by LCAM (or its affiliates), or any other fee arrangement agreed to by LCAM (or its affiliates) and such third party. To the extent applicable, such arrangements will conform to Rule 206(4)-3 under the Advisers Act and, as applicable, appropriate provisions and guidance under the Employee Retirement Income Security Act of 1974, as amended.

Please see Item 12 below for further discussion of brokerage fees and some of the factors that LCAM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Each investor should review their respective Governing Documents for a fuller discussion and understanding of all the fees, expenses and other compensation LCAM and other parties may obtain or receive from, or in connection with, the Fund and separate accounts.

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products. One or more of our supervised persons may serve as a member, which may include Chair, of the board of directors or advisory board of a non-public entity not affiliated with the Fund or us and may receive compensation in connection with such personal service to such entities. In particular, Thomas H. Lee serves as a member of the board of directors of a private company for which he receives compensation.

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

Fund - Performance Based Fees

With respect to the Fund, LCAM, or an affiliate of LCAM, is eligible to receive performance based compensation (*i.e.*, compensation based on a share of net profits on or capital appreciation of a client's assets) in addition to the asset-based Management Fee. A full discussion of such compensation is set forth in the Fund's Governing Documents.

Generally, at the end of each fiscal year, the Fund will reallocate from each investor's capital account to the capital account of the General Partner an incentive allocation (the **"Incentive Allocation"**) in an amount equal to the Incentive Allocation Rate (defined below) of the net capital appreciation for such fiscal year attributable to that capital account. The Incentive Allocation is calculated based on both realized gains and losses and unrealized appreciation and depreciation of securities held in the Fund. The Incentive Allocation will also be made with respect to amounts withdrawn and upon the dissolution of the Fund.

The "Incentive Allocation Rate" ranges from 0% to 15%.

The Incentive Allocation will be determined separately with respect to each capital account established for an investor. Accordingly, it is possible that an Incentive Allocation may be made with respect to one capital account even though another capital account held by the same investor has not appreciated, or has depreciated in value during the same period.

In the sole discretion of the General Partner, the Incentive Allocation may be waived, reduced or calculated differently with respect to any investor account, including, without limitation, an investor that is a member, partner, affiliate or employee of the General Partner or LCAM, a member of the immediate family of such a person or a trust or other entity for the benefit of such a person. The General Partner's capital account will not be debited for any Incentive Allocation.

Certain Conflicts of Interest Associated with Performance Based Fees

LCAM, or an affiliate of LCAM, is eligible to receive performance-based Incentive Allocation in connection with the management of the Fund. The Incentive Allocation is not the product of an arm's-length negotiation with any third party, and, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

The Incentive Allocation may give rise to potential conflicts of interest, including, but not limited to, the following:

Allocation of Investment Opportunities. The Incentive Allocation may create an incentive for LCAM, which is an affiliate of the General Partner, to direct the best investment ideas to, or to allocate or sequence trades in favor of: (i) Accounts (as that term is defined below) with performance compensation arrangements over Accounts that are not charged, or from which the General Partner or LCAM will not receive (e.g., because the Account is below its high water mark), performance compensation, and (ii) Accounts from which the General Partner or LCAM will receive a greater performance compensation over Accounts from which the General Partner or LCAM will receive lesser performance compensation.

Valuation. The Incentive Allocation may create an incentive for LCAM and the General Partner to provide biased valuations, especially with respect to illiquid securities.

Risk. The Incentive Allocation may create an incentive for LCAM and the General Partner to make investments that are riskier or more speculative than would be the case if a performance-based compensation arrangement were not in effect.

Timing and Realization of Investments. The Incentive Allocation may create an incentive for LCAM and the General Partner to time investments, and the realization of investments, so as to maximize the Incentive Allocation rather than the return of the Fund.

Item 7. Types of Clients

As described In Item 4, LCAM provides discretionary investment advice to the Fund and separate accounts in accordance with the Governing Documents. Beneficial owners of the separate accounts can include institutions, pension plans, high net worth individuals and other sophisticated investors.

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

Investment Strategies and Methods of Analysis

Generally, we utilize the methods of analysis and investment strategies as detailed in the Governing Documents of the Fund or separate account. LCAM utilizes a variety of methods and strategies to make investment decisions and recommendations. The methods of analysis include fundamental research, charting analysis and cyclical analysis as well as use of quantitative tools and investment approaches, or technical analytical tools and approaches. LCAM may engage in long/short or short selling strategies. LCAM may also use margin or other types of leverage to implement its trading strategies.

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 its 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.

Risk Factors

Risks Relating to Private Investment Funds Generally

Private fund investing involves significant risks that a fund and its investors should be prepared to bear. Investing in the Fund involves significant risks relating both to the types of investment contemplated and our ability to achieve the investment objectives. The discussion below of risks associated with private equity investments does not purport to be an exhaustive list of all risks associated with an investment in the Fund. Please see the confidential offering memoranda or other risk factors of the Fund for a more detailed discussion of risks.

Legal and Regulatory Environment for Private Investment Funds and their Managers. The legal, tax and regulatory environment worldwide for private investment funds (such as the Fund) and their managers is evolving. Changes in the regulation of private investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Fund to pursue its investment program and the value of investments held by the Fund. There has been an increase in scrutiny of the

private investment fund industry by governmental agencies and self-regulatory organizations. New laws and regulations or actions taken by regulators that restrict the ability of the Fund to pursue its investment programs or employ brokers and other counterparties could have a material adverse effect on the Fund and the investors' investments therein. In addition, LCAM may, in its sole discretion, cause the Fund to be subject to certain laws and regulations if it believes that an investment or business activity is in the Fund's interest, even if such laws and regulations may have a detrimental effect on one or more investors.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which clients interact are all subject to systemic risk. A systemic failure could have material adverse consequences on clients and on the markets for the securities in which a client seeks to invest.

Assumption of Business, Terrorism and Catastrophe Risks. The Fund and/or the separate accounts may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events. These risk of loss can be substantial and could have a material adverse effect on the Fund and/or the separate accounts and the investments therein.

Dependence on LCAM and the Principal. The success of client accounts is dependent upon the ability of LCAM to manage client accounts and effectively implement their investment programs. If a client were to incur substantial losses or were subject, for example, to an unusually high level of Fund redemptions or withdrawals, the revenues of LCAM may decline substantially. Such losses and/or withdrawals may impair LCAM's ability to provide the same level of service to clients as it has in the past and continue operations. In addition, LCAM is dependent on the services of certain key individuals, including the Principal. The loss of services of any one such individual could adversely affect LCAM's ability to stay in business and manage the Fund, separate accounts and other clients.

Risks Relating to Management

Effect of Substantial Losses or Withdrawals. If, due to extraordinary market conditions or other reasons, the Fund and/or the separate accounts were to incur substantial losses or were subject to an unusually high level of withdrawals, the revenues of LCAM may decline substantially. Such losses and/or withdrawals may hamper LCAM's ability to (i) retain employees, (ii) provide the same level of service to the Fund as it has in the past, and (iii) continue operations.

Increasing Assets Under Management. The rates of return achieved by trading advisers or managers often diminish as the assets under their management increases. LCAM has not agreed to limit the amount of capital that it will manage.

Retention and Motivation of Key Employees. The success of the Fund and/or the separate accounts are dependent upon the talents and efforts of highly skilled individuals employed by LCAM and LCAM's ability to identify and willingness to provide acceptable compensation to attract, retain and motivate talented investment professionals and other employees. There can be no assurance that LCAM's investment

professionals will continue to be associated with LCAM throughout the life of the Fund and/or the separate accounts, and the failure to attract or retain such investment professionals could have a material adverse effect on the Fund and/or the separate accounts and the investments therein. Competition in the financial services industry for qualified employees is intense and there is no guarantee that, if lost, the talents of LCAM's investment professionals could be replaced.

Risks Relating to the Structure of the Fund

Significant Fees and Expenses. The fees and expenses of the Fund may be significant. The Fund must generate sufficient income to offset such fees and expenses to avoid a decrease in the net asset value of the Fund.

Limited Liquidity. An investment in the Fund has limited liquidity because investors will generally have only limited rights to withdraw capital from the Fund or transfer their interests, and the Fund has the right to suspend withdrawals. Investors must be prepared to bear the financial risks of an investment in the Fund for an indefinite period of time.

Risks Relating to Operations and Investment Activities

Quantitative Model Risk and Risk Management Danger. There can be no assurance that the models used by LCAM will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on performance. There can be no assurance that clients will achieve their investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering clients' investment objectives.

Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In the complex environment in which LCAM operates, effective risk management depends upon many factors, not all of which may be properly identified, and effectiveness assessment, analysis, process creation, control or treatment of risks could be difficult to implement.

Systems and Operational Risks. Clients depend on LCAM to develop and implement appropriate systems for clients' activities. A clients relies heavily and on a daily basis on financial, accounting and other data processing systems to execute, clear and settle transactions across numerous and diverse markets and to evaluate certain securities, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of clients' activities. In addition, LCAM relies on information systems to store sensitive information about itself, its affiliates, the Fund, and the investors. Certain clients and LCAM's activities will be dependent upon systems operated by third parties, including custodians, prime brokers, administrators, market counterparties and other service providers, and LCAM may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by LCAM, custodians, prime brokers, administrators, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. In addition, despite the security measures established by LCAM and third parties to safeguard the

information in these systems, such systems may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise these systems and result in the theft, loss or public dissemination of the information stored therein. Disruptions in client' operations or breach of clients' information systems may cause clients to suffer, among other things, financial loss, the disruption of business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on clients.

Volatility Risk. Clients' investment programs may involve the purchase and sale of relatively volatile securities and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such securities and/or markets can adversely affect the value of investments held by clients.

General Economic and Market Conditions. The success of clients' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses. A client may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Short-Term Market Considerations. LCAM's trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Counterparty Risk. Clients may establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit clients to trade in any variety of markets or asset classes over time. However, there can be no assurance that clients will be able to establish or maintain such relationships. An inability to establish or maintain such relationships could limit a client's trading activities, create losses, preclude the client from engaging in certain transactions or prevent the client from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the client's business due to the client's reliance on such counterparties.

Valuation. Each client account's assets and liabilities will be valued in accordance with a valuation policy. In making valuation determinations, LCAM may be deemed to be subject to a conflict of interest, especially with respect to illiquid securities, as the valuation of such assets and liabilities affects its compensation and the compensation of a General Partner. There is no guarantee that the value determined with respect to a particular asset or liability by LCAM will represent the value that will be realized by an Account on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment.

Service Providers. Conflicts of interest may arise from the fact that any service provider or any affiliate of a service provider may provide services to, or have business, financial, personal or other relations with (i) other private funds with investment programs similar to that of a client account or (ii) LCAM or any of its affiliates. Any service provider or any affiliate of a service provider may be an investor in a client account,

a source of investment opportunities or a co-investor or commercial counterparty or entity in which LCAM has an investment.

Risks Relating to Specific Investments

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, clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from LCAM's expectations or if equity markets generally move in a single direction and clients have not hedged against such a general move. Clients also may be exposed to risks that issuers will not fulfill 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 risks 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. Generally, each shareholder of an ETF bears a pro rata portion of the client's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund's expenses, investors may also indirectly bear similar expenses of an ETF.

Currency Exchange Exposure. Clients may invest in securities denominated in currencies other than the U.S. Dollar. Clients, however, generally value their securities in U.S. Dollars. Clients may or may not seek to hedge their non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that securities suitable for hedging currency or market shifts will be available at the time when LCAM wishes to use them, or that hedging techniques employed for a client will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of a client's positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Long/Short. The success of a client's long/short investment strategy depends upon LCAM's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of a client's long/short investment strategy is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Fund's positions were to fail to converge toward, or were to diverge further from, values expected by LCAM, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may

force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with LCAM's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling. The success of a client's short selling investment strategy depends upon LCAM's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the client of buying those securities to cover the short position. There can be no assurance that a client will be able to maintain the ability to borrow securities sold short. In such cases, the client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a client may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though a client secures a "good borrow" of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the client.

Leverage and Borrowing. A client may utilize leverage with respect to its portfolio investments. The use of leverage will allow a client to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the client's portfolio. The effect of the use of leverage by a client in a market that moves adversely to its investments could result in substantial losses to the client, which would be greater than if the client were not leveraged. With regard to the Fund, the Incentive Allocation may encourage LCAM to incur leverage in order to increase the amount of its compensation. A client may also borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which a client can borrow will affect its operating results.

The instruments and borrowings utilized by a client to leverage investments may be collateralized by all or a portion of the client's portfolio. Accordingly, a client may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure a client's margin accounts decline in value, the client could be subject to a "margin call", pursuant to which the client 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 the client can 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 to the Fund may have similar rights. There can be no assurance that a client will be able to secure or maintain adequate financing.

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on a client's portfolio.

Hedging Transactions. A client may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the client's securities; (vii) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date; or (viii) act for any other reason that LCAM deems appropriate. A client will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. LCAM may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While a client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available. The regulatory and tax environment for derivative instruments in which a client may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on a client.

Currencies. A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts traded by clients 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.

Tax-Exempt Securities. A client may from time to time acquire direct interests in tax-exempt securities such as municipal securities. In addition, a client may indirectly acquire interests in municipal securities using a variety of instruments and structures. The market for tax-exempt securities, such as municipal

securities, involves certain risks. The amount of public information available with respect to most tax-exempt securities is generally less than that for corporate equities or bonds, and the investment performance of the Fund may therefore be more dependent on the analytical abilities of LCAM. The secondary market for tax-exempt securities also tends to be less liquid than the secondary market for many other securities, a circumstance which may adversely affect the price at which municipal securities and interests in municipal securities may be sold.

Illiquid and Restricted 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. 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). Valuation of restricted and other illiquid 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 clients may not be able to sell them when they desire to do so or to realize what they perceive to be the fair value of such securities 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. A client may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, a client may be required to hold such securities despite adverse price movements. Even those markets which LCAM expects to be liquid can experience periods, possibly extended periods, of illiquidity. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

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. Preferred stock may also be subject to optional or mandatory redemption provisions.

Real Estate-Related Securities. Securities issued by entities which invest in real estate, including "real estate investment trusts", generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or

third-party borrowers to manage the real properties. In addition, a client may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Non-U.S. Investments. Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds; limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, clients may be unable to structure their transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the clients rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the Commodity Futures Trading Commission (the "CFTC") or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to clients under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Cybersecurity Risk.

As part of its business, LCAM processes, stores and transmits large amounts of electronic information, including information relating to client transactions and personal identifiable information of the Fund's limited partners. Similarly, service providers of LCAM or its clients, especially the Fund administrator, may process, store and transmit such information. LCAM has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to LCAM may be susceptible to compromise, leading to a breach of LCAM's network. LCAM's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by LCAM to the Fund's limited partners may also be susceptible to compromise. Breach of LCAM's information systems may cause information relating to client transactions and personally identifiable information of the Fund's limited partners to be lost or improperly accessed, used or disclosed.

LCAM's service providers and the separate accounts are subject to the same electronic information security threats as LCAM. If a service provider fails to adopt or adhere to adequate data security policies,

or in the event of breach of its networks, information relating to the transactions of a client and personally identifiable information of the limited partners may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of LCAM's or clients' proprietary information may cause LCAM to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material effect on a client, and regarding the Fund, the limited partners' investments therein.

Similar types of operational and technology risks are also present for the companies in which clients invest, which could have material adverse consequences for such companies, and may cause the Fund's and separate accounts' investments to lose value.

Item 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

We are not registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. We are also not registered, nor do we have any application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities. We may file for an exemption from registration as a commodity trading advisor in accordance with CFTC Rule 4.14(a)(8). Lee Absolute Return Strategy LP may file for exemptions from registration as commodity pool operators in accordance with CFTC Rule 4.13(a)(3).

Lee Capital Asset Holdings LLC, whose managing member is the Principal, serves as the general partner of Lee Absolute Return Strategy LP. The Principal is also the managing member of Lee Capital Holdings LLC, which is general partner to a proprietary account for which LCAM provides sub-advisory investment services.

We share common ownership with Lee Equity Partners, LLC ("**LEP**"), an SEC-registered investment adviser focused on private equity investments. LEP is principally owned by the Principal.

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

Conflicts of Interest

Other Activities of LCAM and its Affiliates

Conflicts of interest may arise from the fact that LCAM, or a General Partner and their affiliates may provide investment management services to multiple clients, including, without limitation, investment funds, separately managed accounts, proprietary accounts and other investment vehicles (collectively, together with the Fund, the "**Accounts**" and each, an "**Account**").

Accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with one another, or may compete with or have interests adverse to one another. In particular,

the Principal oversees the activities of Lee Equity Partners, LLC, a private equity-focused investment management company that maintains a list of investments in which principals, portfolio managers and other employees cannot trade or cause others to trade. In the event that securities appropriate for investment by clients are added to such list, LCAM may be restricted from causing a client to invest in such securities. Such conflicts could affect the prices and availability of securities in which a client invests. The Principal is also the managing member of Lee Capital Holdings LLC, which is general partner to a proprietary account for which LCAM provides sub-advisory investment services.

Even if an Account has investment objectives, programs or strategies that are similar to those of another Account, LCAM may give advice or take action with respect to the investments held by, and transactions of, an Account that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, another Account for a variety of reasons, including, without limitation, differences between the investment strategy, financing terms, regulatory treatment and tax treatment of the two Accounts. As a result, the two Accounts may have substantially different portfolios and investment returns. Conflicts of interest may also arise when LCAM makes decisions on behalf of an Account with respect to matters where the interests of LCAM or one or more other Accounts differs from one another.

Lack of Exclusivity

LCAM, its affiliates and personnel will devote as much of their time to the activities of LCAM clients as they deem necessary and appropriate. LCAM, its affiliates and personnel will not be restricted from forming other Accounts, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with an existing Account and/or may involve substantial time and resources of LCAM, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of LCAM, its affiliates and personnel will not be devoted exclusively to the business of an Account but will be allocated between the management of other Accounts and businesses.

From time to time, the Principal, senior management and key employees of LCAM may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services, such persons may receive directors' fees or other similar compensation attributable to such employees' services. In particular, the Principle serves as a member of the board of directors of a private company for which he receives compensation.

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

Code of Ethics

We have adopted a Code of Ethics (the "**Code**") which sets forth standards of business conduct we require of our supervised persons. The Code is intended to assist us and our supervised persons in complying

with the requirements of Rule 204A-1 under the Advisers Act, as well as provisions of the federal securities laws pertaining to insider trading.

The Code contains Procedures and Policy Statement on Insider Trading to inform employees regarding what constitutes material, nonpublic information and the laws and requirements relating to insider trading and confidentiality and our policies in that area.

The Code also sets forth personal trading policies applicable to employees and certain of their family members and affiliates ("**covered persons**") that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with our clients.

Covered persons may not trade for themselves or recommend trading in the securities of a public company while in possession of material, nonpublic information concerning such company, or disclose such information to any person not entitled to receive it. A covered person is required to inform our Chief Compliance Officer whenever he or she believes that he or she may have obtained material, nonpublic information regarding a public company. In accordance with the Code, while covered persons may engage in personal securities trading, they are generally not permitted to effect transactions individually in public companies that are portfolio investments of the Fund or any client accounts without the approval of the Chief Compliance Officer.

Our Code requires that covered persons report personal brokerage transactions to the Chief Compliance Officer. Transactions in certain financial products, including certain mutual fund shares, U.S. Government securities, and certain money market instruments may be excluded from such reporting requirements.

Our Code also requires that covered persons seek pre-clearance with respect to investments in any private placement or initial public offering. These limitations and pre-clearance requirements may not apply to transactions in certain investments, including investments in accounts over which the covered person has no direct or indirect control.

A copy of our Code of Ethics will be provided to any client or prospective client upon request.

Conflicts of Interest

LCAM, the General Partner and their affiliates will be subject, and a client will be exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on the client and the investments therein. However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of the client. When a conflict of interest arises, LCAM will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with its fiduciary duties to the client. Unless the context clearly indicates otherwise, references in this section to conflicts of interest that may apply to LCAM should be understood to apply to LCAM and its affiliates.

Prospective clients should understand that (i) the relationships among the Fund, the separate accounts, LCAM and its affiliates are complex and dynamic and (ii) as LCAM's, the General Partner's and the client's businesses change over time, LCAM, or a General Partner and their affiliates may be subject, and the client

may be exposed, to new or additional conflicts of interest. There can be no assurance that the items described herein addresses or anticipate every possible current or future conflict of interest that may arise or that is or may be detrimental to a client. Prospective clients should consult with their own advisers regarding the possible implications on their investment with LCAM of the conflicts of interest described herein as well as within the Governing Documents.

Investments by the Principal, Senior Management and Key Employees in the Fund and Other Accounts

Subject to applicable regulatory restrictions, the Principal will and senior management and key employees of LCAM may choose to personally invest, directly and/or indirectly, in the Fund or an Account. Such investors may be in possession of information relating to the Fund that is not available to other limited partners and prospective limited partners. The Principal, senior management and key employees are not required to keep any minimum investment in the Fund and may invest in Accounts. It is expected that, if such investments are made, the size and nature of these investments will change over time without notice to the Limited Partners. Investments by the Principal, senior management and key employees in the Fund and/or Accounts could incentivize the Principal, senior management and key employees to increase or decrease the risk profile of the Fund.

Personal Trading by Investment Manager Personnel

LCAM's Code of Ethics places restrictions on personal trades by the Principal, LCAM, its affiliates and its employees. Generally, and subject to certain exceptions, the Principal, LCAM and its affiliates and employees may engage in personal trading and may purchase and dispose of securities held in their respective personal trading accounts. For purposes of this paragraph, "affiliates" do not include Lee Equity Partners, LLC or its principals, portfolio managers and other employees. These personal trading restrictions are discussed further in this Item 11.

LCAM, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for an Account. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by an Account.

In general, LCAM, the Principal and their affiliates do not trade in the same securities as are held by an Account. However, if such trading does occur, LCAM has policies and procedures to ensure that any proprietary trading by it, the Principal or their affiliates will not adversely impact an Account.

Allocations of Trades and Investment Opportunities

It will be the policy of LCAM to allocate investment opportunities to the Fund and to any Accounts on a fair and equitable basis, to the extent practical and in accordance with the Fund's or Accounts' applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (i) whether the risk-return profile of the proposed investment is consistent with an Account's objectives; (ii) the potential for the proposed investment to create an

imbalance in an Account's portfolio; (iii) the liquidity requirements of an Account; (iv) potentially adverse tax consequences; (v) regulatory restrictions that would or could limit an Account's ability to participate in a proposed investment; and (vi) the need to re-size risk in an Account's portfolio.

LCAM will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Fund or Accounts solely because LCAM purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, an Account or the Fund if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Fund or the Account.

In particular, when the Fund is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than other Accounts in order to obtain its desired risk and portfolio size. Conversely, when other Accounts ramp up their investment and trading strategies, the Fund may receive reduced or no allocations of certain securities.

Liquidation of Assets of Other Accounts and Other Classes

LCAM, a General Partner and their affiliates may provide investment management services to Accounts (including separately managed accounts and investment funds formed for a single investor or group of affiliated investors (each such fund, a **"Fund of One"**)) that may have investment objectives, programs or strategies that are similar to those of other Accounts, which could result in significant overlapping positions among the Accounts. In addition, such Accounts may have different or additional terms than those of the described in their Governing Documents, including different fees, information rights and liquidity rights (including the right to wind down and terminate a managed account or Fund of One without cause). Additional information may affect an investor's decision to invest additional capital in, to remain invested in, to withdraw from or to terminate an Account. Any such withdrawals or terminations could cause any such Account to liquidate its positions ahead of another Account, which may have a material adverse effect on the Account and the investments therein. Similarly, to the extent that the Fund establishes classes of interests with different liquidity rights, certain limited partners may be able to act on information before any limited partner that has less frequent liquidity rights.

Cross Trades

While it is not anticipated, one or more Accounts may transfer any securities from one Account to another (each such transfer, a **"Cross Trade"**). If LCAM decides to engage in a Cross Trade, LCAM will determine that the trade is in the best interests of both of the Accounts involved and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Accounts. Reasons for engaging in a Cross Trade may include, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction.

LCAM generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an **"internal cross"**, where LCAM instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the

Account's relevant valuation policy. If LCAM effects an internal cross, LCAM will not receive any fee in connection with the completion of the transaction.

Principal Transactions

LCAM does not anticipate that it will engage in principal transactions (as such term is used under the Advisers Act) involving the Accounts. However, to the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in an Account by a General Partner, LCAM or its personnel, the General Partner and/or LCAM will comply with the requirements of Section 206(3) of the Advisers Act. In connection with principal transactions, Cross Trades, related-party transactions and other transactions and relationships involving potential conflicts of interest, a General Partner is authorized to select one or more persons who are not affiliated with LCAM to serve on a committee (the "**Advisory Committee**"), the purpose of which is to consider and, on behalf of the clients and, if desired by the General Partner, the investors in any other feeder fund in the Fund, approve or disapprove, to the extent required by applicable law or deemed advisable by the General Partner, such transactions and conflicts of interest. The Advisory Committee may approve of such transactions prior to or contemporaneous with, or ratify such transactions subsequent to, their consummation. In no event will any such transaction be entered into unless it complies with applicable law. The member(s) of the Advisory Committee may be exculpated and indemnified by the Fund. Any decision of the Advisory Committee will be binding on all Limited Partners.

LCAM Could Have Different Compensation Arrangements With Each Account

LCAM could in the future be subject to a conflict of interest because varying compensation arrangements among the Fund and other Accounts that could incentivize LCAM to manage the Fund and such other Accounts differently. These and other differences could make one Account less profitable to LCAM than certain other Accounts.

Item 12. Brokerage Practices

As noted previously, we have full discretionary authority to manage the Fund and other Accounts, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The LCAM's authority is limited by its own internal policies and procedures and each Fund's and/or other Account's investment guidelines.

Portfolio transactions for the Accounts will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to LCAM and/or certain Accounts, but not beneficial to all Accounts. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, LCAM may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction,

marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Accounts by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. LCAM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither LCAM nor any client separately compensates any broker or dealer for any of these other services.

If LCAM decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("**ECNs**"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

LCAM maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Soft Dollar Practices

LCAM receives certain research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. LCAM will limit the use of "soft dollars" to obtain brokerage and research services that constitute brokerage and research services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("**Section 28(e)**"). The use of client brokerage commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, LCAM will not have to produce or pay for the products and services itself. This creates an incentive for LCAM to select a broker-dealer based on its interest in receiving those products and services, rather than on clients' interest in receiving most favorable execution.

LCAM may cause client accounts to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs. Products and services obtained via soft dollar commissions will be used for the benefit of all clients. In some cases, there may not be a direct correlation between the use of commissions and the amount of products and services acquired and utilized for the benefit of each client account. Further, commission dollars of an affiliate of LCAM may be used to pay for eligible soft dollar products and services for such affiliate and the Fund; and such affiliate will also benefit from the soft dollars generated by the Fund, which may not be in equal proportion.

As a result of client brokerage commissions, LCAM and/or its affiliates have acquired data services (including services providing real time exchange data, market data, company financial data and economic data), software used to transmit orders, research reports (including market research), certain financial publications, and services relating to execution, clearing and settlement of securities transactions and

functions incidental thereto (i.e., connectivity services between LCAM and broker-dealers and other relevant parties such as custodians).

LCAM may participate in “client commission arrangements” pursuant to which LCAM may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions or commission credits to another firm that provides research and other products to LCAM. LCAM excludes from use under these arrangements those products and services that are not eligible under Section 28(e) and applicable regulatory interpretations.

In some instances, LCAM obtains a product or service that is used, in part, by LCAM for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, LCAM will make a good faith effort to determine the relative proportion of the product or service used to assist LCAM in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting LCAM in carrying out its investment decision making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by LCAM from its own resources. The determination of the appropriate allocation of “mixed use” products and services creates a potential conflict of interest between LCAM and clients. Investment transactions for clients and the use of such commissions by LCAM may be outside the safe harbor provided by Section 28(e) and applicable regulatory interpretations for one or more of the following reasons: the type of investment, the market mechanism or the market intermediary compensation involved in the transaction or the types of services obtained with the commissions paid for the transaction. Even when investment transactions for clients are outside the Section 28(e) safe harbor, the commissions paid will be used for the acquisition of Section 28(e) types of research and brokerage.

Prior to entering into any formal soft dollar arrangement, approval must be obtained from the Chief Compliance Officer. Approval will be granted only if there is a determination that a research or brokerage service meets the applicable eligibility standards and will provide lawful and appropriate assistance in the investment decision-making process. LCAM’s investment committee, in consultation with portfolio managers, are responsible for making determinations regarding the soft dollar research and brokerage services that LCAM intends to obtain during any period. The portfolio managers, in consultation with the Chief Compliance Officer, will determine that (i) commissions paid are reasonable in relation to the research and brokerage services received and (ii) trades made in connection with soft dollar arrangements receive best execution. In addition, the Chief Compliance Officer will determine that the receipt of any third-party research is consistent with LCAM’s soft dollar policies and procedures and will specifically approve (i) any request made by the executing brokers for agreements related to soft dollar payments and (ii) any arrangements involving the receipt of services through introducing and clearing brokers. The investment committee periodically reviews soft dollar arrangements to consider whether on-going arrangements are consistent with LCAM’s obligation to obtain best execution. The Chief Compliance Officer periodically reviews soft dollar arrangements to determine that they are consistent with LCAM’s policies and procedures.

Order Aggregation and Average Pricing

If LCAM determines that the purchase or sale of a security is appropriate with regard to the Accounts, LCAM may, but is not obligated to, purchase or sell such a security on behalf of such Accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Account will receive the average price, with transaction costs generally allocated pro rata based on the size of each Account's participation in the order (or allocation in the event of a partial fill) as determined by LCAM. In the event of a partial fill, allocations may be modified on a basis that LCAM deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by LCAM. As a result, certain trades in the same security for one Account (including an Account in which LCAM and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13. Review of Accounts

LCAM client accounts are generally reviewed daily by or under the supervision of LCAM's senior management, including the portfolio managers and Director of Operations, among others, in conjunction with their designated responsibilities. LCAM's investment personnel are responsible for evaluating securities for investment, reviewing portfolios for each client, and making asset allocation and security selection on a daily basis. LCAM's investment professionals review all relevant portfolios according to the client's investment objectives pursuant to the applicable client's Governing Documents.

The terms for providing account information and reports to LCAM clients are specified in the applicable client's Governing Documents. LCAM provides investors in the Fund with the following written reports within 120 days of the end of the applicable fiscal year and otherwise in accordance with the terms of the applicable Governing Documents: audited annual financial statements and annual tax information necessary to complete any applicable tax returns.

Item 14. Client Referrals and Other Compensation

LCAM receives certain research or other products or services other than execution from broker-dealers and/or third parties through "soft dollar" arrangements. These "soft dollar" arrangements create an incentive for LCAM to select or recommend broker-dealers based on LCAM's interest in receiving the research or other products or services and may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by LCAM on behalf of its clients. Please see Item 12 for further information on LCAM's "soft dollar" practices.

LCAM and its affiliates may compensate third parties, including brokers, placement agents and others, in connection with the solicitation of prospective clients and investors in a client. Such referral fees may be

a percentage of such client's or investor's assets under management, Management Fees and/or performance-based compensation earned by LCAM (or its affiliates), or any other fee arrangement agreed to by LCAM (or its affiliate) and such third party. The fees and expenses of any such third parties may be paid by the Fund, but will be reimbursed by LCAM by offsetting its Management Fees. At the current time, LCAM has entered into one solicitation agreements in accordance with Rule 206(4)-3 under the Advisers Act under which it compensates such third parties.

Placement agents that solicit investors on behalf of the Fund are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated by the Fund or LCAM in connection with the investment of their clients' assets in the Fund.

We will bear the full costs of any compensation paid to such solicitors although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the Fund.

Item 15. Custody

LCAM may be deemed to have custody of the assets of clients under Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). Where applicable, LCAM maintains client assets with qualified custodians, such as U.S. banks and U.S. registered broker-dealers.

In accordance with the Custody Rule, since a general partner is deemed to have custody over Fund assets, the Fund is subject to an annual audit in accordance with U.S. generally accepted accounting principles and the audited financial statements are distributed to each investor within 120 days of the Fund's fiscal year end.

To the extent that LCAM does not have custody of a client's assets, the applicable custodian will prepare and distribute to such client quarterly, or more frequently, account statements, which should be reviewed carefully by the client. Copies of client account statements are available upon request. As noted in Item 13 above, the terms for providing account information and reports to other LCAM clients are specified in the applicable client's contractual documents.

Item 16. Investment Discretion

LCAM has entered into investment management agreements with the Fund and each separate account. Each such agreement, together with the management authority granted to the Fund's General Partner pursuant to the Fund's limited partnership agreement, provides us with either full, limited or no discretion to determine investments to be purchased and sold on behalf of the client and the terms of the related transactions. Specific limitations on our investment discretion, if any, are set forth in the investment management agreement with, and the limited partnership agreements of, the Fund. Side letters with certain limited partners may also alter or vary the terms applicable to such limited partner's investment in the Fund. For example, a side letter may provide a limited partner excuse rights applicable to particular investments (see "Side Letter Agreements" above).

Item 17. Voting Client Securities

In compliance with Rule 206(4)-6 under the Advisers Act, LCAM has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “**Proxies**”), in a prudent and diligent manner that will serve the applicable Account’s best interest and is in line with each Account’s investment objectives.

LCAM may take into account all relevant factors, as determined by LCAM in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the relevant Account and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

Under certain circumstances, when it is believed to be in the best interest of clients, LCAM may vote in a manner that is contrary to its proxy voting policies or may abstain from voting. Clients generally have no right to direct LCAM’s proxy votes. In addition, LCAM may engage a third party proxy voting service to vote proxies on behalf of clients and may, if appropriate, generally adopt such third party’s proxy voting policies and guidelines; any cost of such may be borne by such clients, as applicable.

A client may obtain a copy of LCAM’s proxy policies, as well as the manner in which proxy votes have been cast on behalf of such client during the prior annual period with respect to portfolio securities held by such client, by making a request in writing to the Chief Compliance Officer at Lee Capital Asset Management LLC, 767 Fifth Avenue, 6th Floor, New York, NY 10153.

Item 18. Financial Information

LCAM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19. Requirements for State-Registered Investment Advisers

Not applicable.